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Latin America

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Thursday
9 March 1995

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Latin America

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Cuba

Robaina Views Possibility of U.S. Easing Embargo

PA0903031895 Havana PRENSA LATINA in Spanish 0143 GMT 10 Mar 95

[FBIS Translated Text] Havana, 8 Mar (PL)—Cuban Foreign Minister Roberto Robaina today said Cuba has not commented on possible changes in the U.S. blockade policy because Cuba lacks official information about this.

Before leaving for Copenhagen, Denmark, where he will take part in a meeting of foreign ministers as part of the Social Development Summit, Robaina told correspondents that he learned about such a possibility through the press, adding that he has not received any official U.S. communication.

After describing the pressure Washington has imposed on Cuba for more than 30 years as absurd, unfair, and anachronistic, the Cuban minister underscored that if this report were indeed true and that no conditions were placed on Cuba, this would be the most sensible thing.

Cuba will reject any conditions in connection with this issue, he said, adding, "Anyone who believes that heightened pressure against the island has made us begin our (economic) transformation processes is mistaken."

According to newspaper reports from Washington, President William Clinton's foreign policy advisers have suggested the possibility of easing some of the punitive measures adopted on 20 August—measures that prevent Cuban emigrants from sending money to their relatives and restrict the emigrants' travel to Cuba.

Cuba argues that these measures contradict the migratory agreements signed in September 1994 in New York because they undermine the foundation of mutual respect and understanding, the Cuban foreign minister said.

Robaina also said it is important "not to harbor any illusions" concerning the possible modification of these restrictions.

Later, when asked about the recent anti-Cuban vote by the UN Human Rights Commission in Geneva, he said that, as far as Cuba is concerned, no vote will be valid as long evaluations continue to be based on selective, discriminatory, and highly politized criteria.

Cuba is willing in this or any other commission to review the human rights issue if there are no prosecutors or judges, and if everyone involved discusses the issue under equitable conditions, Robaina said.

The anti-Cuban document, jointly sponsored by Washington and the European states, was approved with 22 votes in favor of it, but 23 countries abstained and eight countries voted against the measure.

Robaina explained that regrettably some countries do not vote as they really want to... and, if the voting were secret, the results would be different, because "for many of them it is difficult to raise a hand in opposition while the great powers are present."

Commentary Decries U.S. Attempts To Tighten Blockade

PA0803171495 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Mar 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] While in the United States they are preparing to continue the legislative debate on a draft bill aimed at toughening the economic blockade against Cuba, in many parts of the world rejection to such discriminatory and absurd measure grows.

The most recent implicit condemnation to this blockade took place at the UN Human Rights Commission, the 51st meeting of which is being held in Geneva, Switzerland. There once more, the United States and 16 other governments were isolated by voting against a resolution promoted by Cuba, which basically rejected the application of embargoes and other unilateral coercive measures.

The resolution, approved with 24 votes in favor, 17 against, and 12 abstentions, denounced this type of coercion used to exert political, economic, and social pressure on developing countries which, according to the text, prevents those affected from fully enjoying all human rights.

And it is precisely the United States that intends in that very UN meeting in Geneva to accuse Cuba of alleged massive violations of human rights.

In recent days, the U.S. delegation and the extreme right of the Cuban immigrant community based in Florida have tried to make the Cuban case as a priority objective of the Geneva meeting. Speaking about this, the Swede (Karl Johangrot), the imposed UN special rapporteur for Cuba, presented to the commission a new report in which, as he customarily does, he portrays a distorted image of the human rights situation in Cuba.

Also the U.S. delegation and the extreme right of the Cuban immigrant community are seeking to manipulate in their favor the incidents which occurred by in the middle of last year in the waters close to Cuba, where a boat seized by illegal emigrants capsized. This incident was described by Cuban authorities an accident.

Washington is thus trying to divert attention from its status as a flagrant violator of the human rights of 11 million Cubans by maintaining and trying to tighten the economic blockade against the island, condemned for three consecutive years at the UN General Assembly.

It is regrettable that the most important Western news agencies highlight the U.S. maneuvers against Cuba in Geneva, and minimize the basic passages of the recent resolution approved in the Swiss city, which in one of its parts stresses the condemnation of certain countries holding a dominant position in the world economy and emphasizes that unilateral coercive measures are openly contrary to international law.

Foreign Ministry Source: U.S. 'Increasingly Isolated'

PA0803223795 Havana PRENSA LATINA in Spanish 2023 GMT 8 Mar 95

[FBIS Translated Text] Havana, 8 Mar (PL)—Cuba today said the United States is becoming increasingly isolated in its campaign against the island in terms of alleged human rights violations.

A Foreign Ministry spokesman told PRENSA LATINA that the outcome of the latest vote by the UN Human Rights Commission in Geneva is evidence that Washington continues to lose ground in its political "vendetta" against the Cuban revolution.

The source added that not only are fewer countries supporting resolutions proposed by the United States against our nation, but that the total votes opposed and the number of abstentions constitute a clear majority that opposes U.S. intentions.

The U.S. proposal was approved on a vote of 22 in favor, while 23 countries abstained and eight others voted against it.

The spokesman concluded by saying there is a growing trend among nations to distance themselves from Washington's positions in its fraudulent charges against Cuba, which confirms the discredit of U.S. accusations that fail to correspond to reality.

Robaina Prepares for Social Development Meeting

Compares Summit to Revolution

FL0803131595 Havana Cuba Vision Network in Spanish 0100 GMT 8 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] On 8 March, a Cuban delegation headed by Foreign Minister Roberto Robaina will travel to Copenhagen to participate in a meeting of specialists and foreign ministers which is scheduled to take place during the social development summit.

On 7 March, Robaina informed this program of Cuba's opinion with regard to the summit. During the press conference Robaina stated that it is not enough for this summit to discover that there is poverty, but to find the solution to abolishing this illness—which already affects over 1 billion people—from the face of the planet must be found.

[Begin Robaina recording] Being totally honest, we are tired of seeing how the world is informed in so many books and documents just how poor we are, and we are even more tired of having 1 billion poor people or 1.2 billion illiterate people who are not even aware of the fact that they are poor. These people are not even aware that there is a social development summit—which is all about them—going on in Copenhagen. The rich are not responsible for their riches. However, what the rich are responsible for is our poverty. [end recording]

With regards to Cuba, Robaina stated that the reason [words indistinct] in the summit is the same as that which is behind the Cuban Revolution's existence and the social accomplishments which it has achieved, albeit with difficulties.

[Begin Robaina recording] What this summit is studying and what it proposes doing, Cuba has been doing for 35 years. [end recording]

In summation, Robaina stated that Cuba expects agreements and not just intentions.

Departs for Copenhagen

FL0903033295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0010 GMT 9 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina spoke to NTV about statements by the U.S. State Department on eventual modification of measures related to the U.S. blockade of Cuba that have appeared in U.S. newspapers, before his departure for Copenhagen from the Jose Marti International Airport.

[Begin recording] [Robaina] I am familiar with parts of the article. Regarding the truth of the statements, I could say that I am familiar with the part that states that Cuba would have to take certain steps to guarantee a balanced response from the United States. Without any further reasoning, adding to and to some extent connecting this with the statements of the secretary of state, we would be referring to measures such as the blockade and other related restrictions that are unfair, anachronistic, and absurd. If Cuba needed to take steps to change, then I believe this is one of the things condemned to fail since the beginning. Cuba will not accept any preconditions. In addition, those who might think that strengthening the blockade has forced us to implement changes are wrong. The Cuban transformation process began and will continue with or without the blockade.

[Unidentified reporter] The Right Wing—the Cuban-American congressmen—were asking the U.S. Government today not to change the policy towards Cuba, opposing the proposal of Senator [name indistinct]. Would you comment on this?

[Robaina] This is part of the traditional hysterical performance of such congressmen. In addition, Cuba cannot be concerned or can even answer this kind of statement, which we have been hearing for over 30 years. Mutual understanding will not be possible based on hysterical reactions. [Words indistinct] when congressmen who are known for their aggressiveness, see the minimal indications in any measure leading to some kind of understanding. [end recording]

Robaina also commented on the Cuban rejection, for the fourth time in a row, of a U.S.-sponsored anti-Cuban resolution, which was approved, under pressure, by the UN in Geneva:

[Begin Robaina recording] Unfortunately, many do not vote for what they really believe when addressing such complex issues as the blockade and human rights because the United States plays a role in both issues. There are pressures sometimes, and I know of dozens of members who have asked us to understand their positions: Although they share our views on both issues, they cannot vote for Cuba, but in just one or the other, because of pressure. [end recording]

Human Rights Commission Approves Cuban Resolution

FL0903023895 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] A resolution presented by Cuba to the 50th session of the Human Rights Commission on 8 March on the universal right to travel and reunification of families was approved by 20 votes, notwithstanding United States opposition. According to Jose Perez Novoa, Cuba's permanent representative to the UN's international organizations [title as heard], this document is based on the accords agreed to at the summit on population and development, which took place in Egypt in 1994.

UNESCO Director Announces Castro May Attend Summit

FL0903023295 Havana Radio Rebelde Network in Spanish 0000 GMT 9 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] UNESCO General Director Federico Mayor has announced that Commander in Chief Fidel Castro, president of the Councils of State and Ministers of Cuba, will visit UNESCO headquarters in Paris, France, if he takes part in the social development summit underway in Denmark. Mayor added that Cuba is a nation with outstanding success in the education sector, adding that there are over 1 billion illiterate people in the world.

French Envoy Notes Positive Results of Business Talks

FL0803131895 Havana Cuba Vision Network in Spanish 0100 GMT 8 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] French Ambassador in Cuba Jean Raphael Dufour has stated that it is very gratifying to see how Cuba's development programs advance, even though the economy is going through difficult times.

In a brief conversation regarding the recent visit of French businessmen to Cuba, Dufour pointed out that the delegation's enthusiasm for Cuba came from witnessing first hand a reality which is very different from the information given by certain media. Dufour highlighted the results of the talks held between Cuba and France.

[Begin Dufour recording] The results are very positive and are within the framework of the relations between Cuba and France in the economic sector. For example, the French government has decided to increase Cuba's credit line from $130 million to $140 million. This is an increase of $10 million which will allow Cuba's industrial and agricultural sectors to purchase products and materials in France. [end recording]

Haiti

'American-Haitian Development Council' Contract Signed

FL0903022795 Port-au-Prince Radio Metropole in French 1145 GMT 8 Mar 95

[FBIS Translated Text] It is the second and final day for the U.S. presidential mission in Port-au-Prince. The members of the delegation led by Deputy Secretary of State Strobe Talbott met with President Jean-Bertrand Aristide and Prime Minister Smarck Michel on 7 March. The meeting took place at the National Palace in the presence of a group of Haitian businessmen and U.S. contractors. Rothschild Francois has details:

[Francois] It was in the name of renewal, of national productivity that President Aristide approached this working session with the U.S. presidential mission visiting Port-au-Prince. Those consultations have already led to the creation of an American-Haitian Council for Economic Development. In receiving the U.S. delegation at the National Palace on 7 March, President Jean-Bertrand Aristide pointed out that economic development and political stability are deeply linked. One cannot exist without the other, he explained, urging the U.S. businessmen to feel at home. The head of state recalled the statements he made in Miami last December, that Haiti is back to business and ready to start over.

[Begin recording] [Aristide, in English, with passage by passage translation into French by Francois] We are confident that these initial meetings will create a forum in which U.S. and Haitian entrepreneurs can exchange ideas, information, and expertise. From these next two days, we hope will emerge a partnership between the private sector of our nation, that will have the development of Haiti as a principal goal. [end recording]

[Francois] President Aristide also announced the new measures taken by the government to encourage businessmen to invest in Haiti. Furthermore, he spoke of the reduction of customs duties, beginning 1 July, for investors who intend to return to Haiti. President Aristide took the opportunity to again thank his U.S. counterpart, Bill Clinton who, according to Aristide, allowed for the reestablishment of democracy in the country. Deputy Secretary of State Strobe Talbott, who leads this U.S. mission, congratulated President Aristide for his leadership. Talbott reiterated the United States' full support for the reconciliation process, crucial for the rebuilding of Haiti.

Following this lunch in the honor of the U.S. delegation, Haitian Minister of Finance Marie Michele Ray and Deputy Secretary of Commerce David (Baram) signed the agreement that gave birth to the American-Haitian Development Council. On this occasion, Deputy Secretary of State Strobe Talbott pointed out the importance of this Council, which must help make Haiti competitive by letting it enter the free market system. [passage omitted]

Prime Minister Smarck Michel explains that from these two days of meetings should emerge an American-Haitian version for the U.S. Development Council, the role of which is to solve the problems inherent in such questions as development of financial strategies for investment, elimination of commercial barriers to create an area of exchange, free from useless constraints, and proposals for technical cooperation aimed at promoting the commercial expansion of the Haitian economy.

[Begin recording] [Michel] Our own responsibility as a government will be to back up all the conventions that we sign, eliciting the measures necessary to support our intention to move forward and reduce the constraints that have been accumulating over the years. Among the most blatant measures, let us cite the 40 percent retroceded export revenues that were canceled; the exemption of customs duties for firms working on temporary admission, which will be renewed; the anticipated authorization given for customs clearance by exporting firms; the establishment of a one-stop shop [previous phrase in English]; the cancellation of the entry visa, which will be replaced by a permit to remain. [end recording]

[Francois] It should be noted that during its stay in Haiti, the U.S. delegation will develop several agreements with the Haitian Government, including a guaranteed four-year investment credit of $100 million from the Overseas Private Investment Corporation, an organization that guarantees U.S. investments abroad. The visit of the U.S. delegation is due to end on Wednesday, following another meeting with President Jean-Bertrand Aristide.

Citizen Cites U.S. Soldiers as Parties to Oppression

FL0903002795 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Mar 95

[Report by Saint-Marc correspondent Nazaire Dupiton]

[FBIS Translated Excerpt] We are going to Saint-Marc, where insecurity is at its height. Saint-Marc inhabitants worry about the prevailing climate of insecurity in the Artibonite Department. In a locality called Gros-Morne, near Saint-Marc, thieves constantly challenge the vigilance of the multinational patrols, as armed individuals commit abductions in this region of the country once night falls. Nazaire Dupiton explains:

[Begin Dupiton recording, in Creole] Fear is the only word heard in the mouths of many people living in lower Artibonite, where the population cannot sleep at night and cannot even move around during the day because of the insecurity and zenglendo problem that is getting worse everyday. Gros-Morne in Saint-Marc has become a real haunt of robbers and people are being abducted every two days [as heard]. The patrols of the international police forces do not prevent the zenglendos from acting as lord and master. A citizen following the evolution of the situation told Signal FM that the U.S. soldiers appear to be party to those acts which armed individuals are committing in the city.

[Unidentified citizen] In my opinion as a [word indistinct] citizen, I am telling you, the insecurity problem is linked to tolerance. We speak of tolerance because we know that the men who have come to bring order actually, in my opinion, have not really come to work because well, I think these men are really a party to the insecurity problem because they really do not do... [pauses] they are not concerned about the job they are supposed to do.

[Dupiton] When we asked the same citizen who he thinks is responsible for the insecurity problem, he was not afraid to say that Aristide has had a lot to do with it, but that he does not wish to make statements against the anti-change people who prefer to pretend that Aristide is a puppet president. [passage omitted]

We will remind the Signal FM listeners that when the international police force catches a robber, the face of that robber is seen in the streets a few days later. One important fact is that less than a month ago, a band of robbers surrounded a large truck that provides public transportation from Verrettes to Port-au-Prince, and one of the passengers shot three of the robbers. It was the driver who was put in jail for weapons while the international policemen took the robbers to Saint-Nicolas Hospital in Saint-Marc so they could receive medical care. It is really a crazy world. Nazaire Dupiton for Signal FM in Saint-Marc. [end recording]

Dominicans Fear Customs Measures To Increase Smuggling

FL0903002595 Port-au-Prince LE NOUVELLISTE in French 6 Mar 95 No 34,921 pp 1-11

[AFP report, translated from Spanish by LE NOUVELLISTE and published under the title: "The Dominican Republic Worries About Consequences of the Haitian Customs Measures"]

[FBIS Translated Excerpt] Dominican Chancellor Carlos Morales Troncoso stated on 6 March that the Dominican Republic intends to lodge a complaint to the World Trade Organization [OMC] if it manages to verify that Haitian products are being smuggled into its territory, given Haiti's drastic reductions in customs duties. The question of smuggling from Haiti has been raised in the Dominican Republic since the Haitian Parliament voted the new tariff system providing for drastic reductions in customs duties.

Dominican Vice President Jacinto Reynado revealed that numerous Dominican firms have been set up in Port-au-Prince to import products and smuggle them into the Dominican territory. [passage omitted]

CONACOM Enters Election, Proposes Anti-Fraud Committees

FL0903014095 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Mar 95

[FBIS Translated Text] The National Congress of Democratic Movements [CONACOM] is ready to launch into the electoral battle. Professor Victor Benoit, the secretary general of this political formation, says he is a little worried about the credibility of this poll. He therefore advocates the formation of anti-fraud committees or subcommittees to prevent any irregularities at the time of the elections. Let us listen to Benoit at the microphone of Luckenson Jean.

[Begin recording, in Creole] [Benoit] We will act with our eyes open. That is why we have now called for citizen vigilance so the political parties, civilian organizations, and people from everywhere can set up committees against electoral fraud.

[Jean] You mean electoral credibility?

[Benoit] Of course. You cannot just sit there and say: Given that such and such exist, I trust. Not at all. The citizens and political parties must assume their responsibilities and form committees to monitor the question of fraud to prevent fraud from being committed because one cannot issue a certificate of sincerity or honesty to anybody. So the question of forming committees, the initiative of forming committees to prevent fraud on all sides, fraud by candidates, fraud by CEP [Provisional Electoral Council] members, from BED [Departmental Electoral Office] members, from BEC [Communal Electoral Office] members, from voters, candidates, political parties, and so on.... [end recording]

Foreign Secretary on Ruiz Massieu Extradition Request

PA0903024195 Mexico City Radio ACIR Network in Spanish 0000 GMT 9 Mar 95

[Report by Rosie Ahuactzin; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Foreign Secretary Jose Angel Gurria Trevino has assured that Mario Ruiz Massieu is not being subjected to persecution; in other words, he is not a victim of political persecution. His judicial process is based on facts, because he is accused of a crime. Gurria also said he does not know whether the former assistant attorney general has already officially requested political asylum in the United States.

[Begin Gurria recording] This is not a matter of opinion. This is based on facts. The extradition request was based on investigations conducted by the Mexican authorities, and the reasons are specific. Therefore, there is no speculation on the side of the Mexican authorities concerning the possible motives. The actions of the Mexican authorities have been very clear. There is suspicion of a crime. All related facets are being outlined to U.S. authorities in an effort to have a judge approve Mr. Ruiz Massieu's extradition, which should be based on the extradition treaty currently in effect between the two countries. There are no other issues involved, except those that are strictly judicial in nature. [end recording]

The foreign secretary said he is uncertain whether Mario Ruiz Massieu's status as a former government official will hinder the extradition process if Ruiz Massieu requests political asylum in the United States. He explained that the process is on track, and he added that it is only a matter of waiting 60 days, during which time the Attorney General's Office [PGR] must submit a file of detailed information to U.S. authorities in order to clear the way for Mario Ruiz Massieu's extradition based on extradition guidelines currently in force between the two countries. Jose Angel Gurria was interviewed here at Los Pinos Official Residence following a ceremony to mark International Women's Day.

Another important person spoke at the event—Comptroller Norma Samaniego. In accordance with the law, she withheld information on the exact amount of Mario Ruiz Massieu's holdings. She would only say that the information was turned over to the PGR as soon as legal proceedings were initiated against the former assistant attorney general.

Here are her statements. [muffled recording heard in the background] We are having some problems with our recorder. She said the information cannot be revealed to the public, because it is confidential. Let us see if the recorder is working now.

[Begin recording] [Samaniego] Under the law, the Comptroller's Office cannot reveal this information, except to the proper authorities. We have worked with the PGR in connection with this case, and all of the information has been given to the proper authorities. Nevertheless, this information cannot be turned over to the public, because it is confidential, according to the law.

[Unidentified reporter] Is he involved in any irregularities?

[Samaniego] The PGR currently has all of the information on this matter. [end recording]

Secretariat Requests Freeze on Ruiz Massieu's Bank Accounts

PA0903013695 Mexico NOTIMEX in Spanish 2350 GMT 8 Mar 95

[FBIS Translated Text] Mexico City, 8 Mar (NOTIMEX)—It was reported today that Mexico's Finance and Public Credit Secretariat [SHCP] has requested freezing the bank accounts of former Deputy Attorney General Mario Ruiz Massieu, who is involved in an illegal transfer of money to United States.

The SHCP reported that it filed the request yesterday with the National Banking Commission. Neither Ruiz Massieu nor his beneficiaries will be able to make payments, withdrawals, reimbursements, or any other monetary transactions.

According to the press, the Attorney General's Office [PGR] asked the SHCP to demand the freezing of the former official's accounts because he is involved in the illegal transfer of $6 million to a bank in Texas.

A special group from the Judicial Federal Police, in coordination with the DEA, is investigating the origin of those bank accounts.

U.S. Customs authorities have reported that the deposits at the Texas Bank of Commerce were made by Jorge Stergios, who held the position of inspector general in the Attorney General's Office and served as an assistant to Ruiz Massieu.

Banking Commission officials added that, in view of the PGR's request and for legal reasons, bank secrecy is not an obstacle to investigating and freezing bank accounts of a person who needs to give answers to the justice system.

Ruiz Massieu was arrested at the Newark, New Jersey, airport on Friday, when he gave U.S. Customs authorities a false statement on the amount of U.S. dollars he intended to bring into the country.

Deputies Comment on Approval of U.S. Financial Package

PA0803140395 Mexico City XEW Television Network in Spanish 0430 GMT 8 Mar 95

[From the "24 Hours" newscast—passages within quotations recorded]

[FBIS Translated Excerpt] During a session that lasted more than eight hours, the Chamber of Deputies approved without modifications the $20 billion financial package the United States has granted to Mexico. With 289 votes in favor from the PRI [Institutional Revolutionary Party], 159 votes against from PAN [National Action Party], the PRD [Party of the Democratic Revolution], and the PT [Labor Party], and one abstention from PRI Deputy Alejandro Rojas Diaz Duran, the Chamber of Deputies passed the financial package.

The session began 20 minutes late, because one lamp burned out and filled the main room with smoke. After the incident was brought under control, deputies from the four political parties represented at the Chamber stated their legislative wings' position regarding the initiative from the podium. PRI representatives spoke in favor of the accord, while the PRD, PT, and PAN deputies opposed the same.

PRI Deputy Jorge Cejudo Diaz said:

[Cejudo Diaz] "The resources obtained from these credit operations will facilitate the refinancing of the maturities of short-term obligations stated in foreign currency; this measure will permit us to improve the profile of the public debt. It can be said these credit operations will contribute to reduce the recent vulnerability of our economy."

PRD Deputy Saul Escobar said the financial package will subordinate Mexico to U.S. intentions:

[Escobar] "This package imposes a drastically recessive adjustment policy that threatens to affect and destroy segments of production, as well as to undermine the standards of living of the majority of the population. It also imposes on Mexico unacceptable mechanisms of interference and subordination to a foreign power."

Cesar Humberto Gonzalez Magallon of the PT affirmed:

[Gonzalez Magallon] "They are trying to place most of the burden imposed by this crisis on the people of Mexico; this, in fact, exonerates speculators."

PAN Deputy Ricardo Garcia Cervantes said:

[Cervantes] "They are now attempting to adopt a wrong prescription for errors we had anticipated. Approving these measures would be assuming the cost of what we criticized and stated in due time."

Following this speech by Deputy Garcia Cervantes, PAN representatives did not speak from the podium again. PRI and PRD deputies had a heated debate, which became a party struggle, on the financial package. [passage omitted]

PRI Lawmakers Back Zedillo, U.S. Aid Package

PA0803215395 Mexico City EL FINANCIERO in Spanish 7 Mar 95 p 47

[Report by Victor Gonzalez]

[FBIS Translated Text] In light of the offenses and abuses of power Mexico has sustained recently, the PRI [Institutional Revolutionary Party] legislative bloc has announced its full support for President Ernesto Zedillo in order that "a government inspired by ethics can restore the (government's) lost confidence, without which neither social peace nor economic development can materialize."

In a letter sent to the chief executive, the PRI deputies also said the crisis can only be resolved through perseverence; the application of a proper methodology; and, above all else, if the social and political environment favors concord instead of conflict, and if dialogue and tolerance are given preference over noncommunication and confrontation.

Therefore, they announced their support for the financial package and the "Law for Dialogue, Conciliation, and Dignified Peace in Chiapas," the discussion of which begins today following yesterday's opening of a special session. They told President Zedillo that their vote "is neither automatic nor submissive but, instead, quite responsible."

In turn, they warned that other political forces, perhaps out of opportunism or a desire for publicity, "will not offer support when crunch time comes; the PRI, however, which continues to hold a responsible position, will demonstrate once again why it represents the majority of the people and the legitimate interests of the nation."

In the letter the PRI legislators sent to the president yesterday, they asserted that, by placing the state of law ahead of special interests and impunity, they will spur the collective awareness that, in terms of other areas such as the economy, the government is acting with the same probity and adherence to the truth. This is why, they explained, PRI lawmakers "will push the financial package ahead with our majority."

In this regard, they said they will support this package, because the negotiated sources of financing will create opportunities to overcome the emergency, bring stability to the financial markets, and implement the orderly adjustment the economy requires.

"Our support stems not only from the confidence we have in the Mexican president, but also from the fact that there are no practical alternatives to find revenues for the amount of money the country requires, or to find this money within the required timeframe," they said.

They also stressed: "We reject false solutions; the denial of reality; and the risk involved in bold and impractical measures, such as the suspension of payments, all of which would only worsen the situation."

Although they admitted that every PRI legislator would prefer not to have to request foreign financing, necessity demands such financing, and, therefore, "we will approve it, as is proper."

In addition, the PRI lawmakers noted that the PRI's solidarity in granting approval to this support plan shows that its rank and file are demanding that, following the revitalization of the economy, these resources be used to guide the economy toward resolving old structural problems; improving the bleak condition of rural producers; offering a vast support program for small and medium-sized businesses; creating several jobs for every job that disappears today; and, ultimately, depending more on our own productivity instead of returning to a dependence on short-term speculative capital.

Column Outlines Options for Zedillo

PA0803215995 Mexico City EL FINANCIERO in Spanish 6 Mar 95 p 6

[From the "For Your Information" column by Gustavo Lomelin]

[FBIS Translated Text] Ernesto Zedillo has been walking high on the clouds of power as president of the republic ever since his government's legal actions against Raul Salinas de Gortari. The political impact of this is not just the breakaway from his predecessor; this also means a break with a presidential system in force since 1929.

But Zedillo has reached an agreement in principle with former President Carlos Salinas de Gortari in order to avoid greater struggles within the revolutionary family, that without skillful handling could initiate a backlash, as a result of which the high clouds might be blown away by strong winds from the north.

For the time being, Washington has thrown all its support to Zedillo, but New York warns that Salinas could drag the Mexican president down with him. According to the former president, he suspended his hunger strike after receiving guarantees that his name would be cleared in the Colosio murder and that a public report would be issued stating "the truth" about financial management in 1994, particularly what happened in December.

This second point is particularly sticky because although Salinas and Zedillo's shared responsibility for the devaluation and the economic crisis has been accepted, the mere fact that such a document might be drawn up represents a new step backward in Zedillo's efforts to develop his power.

In any case, the difficulties are just beginning. To avoid a "backlash" by a 66-year-old dinosaur that refuses to die despite the end of unwritten laws (those on the royal family and the immunity of the presidential branch), Zedillo has two options:

1. Establish a state of law to spearhead a significant movement toward the transition to democracy through real electoral reform and effective reform of power structures.

2. Revise the Mexican presidentialist system, restructuring that power with Zedilloism as its centerpiece.

If his campaign promises, his inauguration speech, some accomplishments (the national political agreement), acknowledgment of PAN's [National Action Party] victory in Jalisco, failures (devaluation, Chiapas), and the most recent events are taken into account, the first option seems preferable.

Nevertheless, that option must be handled in an arena far removed from the arrogance of power. Politics as a spectacle must be left behind so that it may become a career for professionals within a system that enjoys a real balance of power and the true reign of law.

Before 28 February, Ernesto Zedillo got Mexicans used to waiting in uncertainty for decisions to be made and for definitions that in some cases were ambiguous and counterproductive. This way of exercising power resulted in great concerns about weakness that led to speculation about a coup d'etat, abdication...that is, to anarchy.

The panorama now looks different. Raul Salinas' situation will be decided on tomorrow; there is enough proof of his responsibility as the mastermind of the murder of Francisco Ruiz Massieu. A renewed regression into the details of this investigation could affect the image of forcefulness that the president of the republic is starting to build.

Nevertheless, this road of respecting the law and eliminating impunity demands an open and encompassing attitude that could unite Mexican forces in creating true internal consensus and guaranteeing the legitimacy of the new political system that might be built. A double standard could be a step backward for the new leadership.

The political, economic, and social panorama is complex and requires very sensitive and firm handling; there is no room for uncertainty or blackmail. At least five steps are required to consolidate Zedillo's leadership and restore the atmosphere of trust lost since December.

1. New changes in the cabinet to rearrange alliances and "ties" with the different forces (governors, PRIistas [Institutional Revolutionary Party], sectors) that could effect the changes. This would force the removal of some Salinas associates now embedded in Zedillo's team and require propping up two currently key secretariats: Government and Social Development.

2. Get to the bottom of Luis Donaldo Colosio's murder. If this investigation leads to Jose Cordoba, Carlos Hank, Manlio Favio Beltrones, or any other, including former President Salinas, there is no going back on the commitment to truth and upholding the law.

3. There must be a political and peaceful solution to Chiapas, as the "blows" [bandazos] have generated new risks that could alter the nation's social and political climate.

4. A new economic program. Diverse economic factors demand a new, clear definition of economic matters. These should be oriented toward reducing interest rates, fixing the exchange rate, and fostering the development of the internal market given that banks, companies, and private persons are on the verge of a dangerous wave of bankruptcies.

5. A new political agreement. Progress cannot be made with only a broad conservative front. Creating true political consensus with social significance requires a more sweeping reform of power than that provided for in the Los Pinos Agreement. This reform must include all national political forces and thrown open options for greater participation and competition.

President Zedillo has opened a Pandora's box, while walking on the razor's edge. He has the support of little more than half of those Mexicans who went to the polls; he should take advantage of this base of support to lead the nation down the road of political reforms, opening up opportunities to defusing the social and economic tensions already on our doorstep.

Mexico is going through particularly difficult times that require discipline, a strong hand, and unity. Nevertheless, if Zedillo hesitates in choosing the road of revisionism or democratization, and does so without strict respect for the law, justice, and freedom, he might detonate the national political, economic, and social crisis that is poised to explode.

Zedillo Calls For National Unity

PA0803221295 Mexico City LA JORNADA (PERFIL supplement) in Spanish 5 Mar 95 pp I-IV

["Stenographic version" of President Ernesto Zedillo's speech during the ceremony to commemorate the 66th anniversary of the Institutional Revolutionary Party, PRI, at the Plutarco Elias Calles Auditorium in Mexico City on 4 March]

[FBIS Translated Text] Fellow party members: Maria de los Angeles Moreno, president of the National Executive Committee [CEN] of our party; former presidents of our party; members of the National Political Council; members of the CEN; governors; federal, state, and Federal District legislators; leaders of the various sectors and organizations within the party; ladies; young men and women; gentlemen:

With great pride and profound conviction I am here with my PRI fellow party members to celebrate the 66th anniversary of the founding of our party.

With affection and respect, I greet Maria de los Angeles Moreno, a fellow party member full conviction and efforts for the PRI and for Mexico.

I am grateful to the president, the leadership, and members of the party for this invitation to join you on this anniversary.

We are commemorating today the founding of a political institution that was born of the ideological strength of the Mexican revolution, from the vigorous force of a young society in constant transformation. We commemorate today the birth of a party that has become the place for the political convening of party members and leaders, a vehicle for the participation of the masses, and a channel for the demands of Mexicans for a country of democracy with social justice. This is the PRI that enourages individual efforts, that promotes community organization, and offers a broad inclusive space, an ample center for debate and political struggle.

This is the PRI of today, this is the party that, when I was a candidate for the presidency of the republic, granted me a platform for the political development of the nation and took me to political office through the desire of the people for the democratic progress of Mexico. Complying with that platform and the will of the people has committed me to work tirelessly for a new democracy, for a more just relationship among the three levels of government, a better balance among the powers, and a strengthened system of parties.

In complying with that platform and the will of the people, I have tried to treat all parties on the basis of the law, dialogue, respect, and the truth. I am determined that this platform granted to me by my party and the office granted by the will of the people—which was also granted by my party—will translate into facts, actions, and decisions for the democracy all Mexicans want. That is the reason why from the beginning of my government, I have held meetings with all the legislative groups and with the leadership of all the political parties. Therefore, as one of my first public acts as president, I went to the Chamber of Deputies and to the Senate. I met with the Assembly of Representatives of the Federal District, always holding a frank, open, and—needless to say—unprecedented dialogue.

Therefore, my government has promoted with the consent of all parties a national political agreement. I am determined to work with all parties and political forces for a new democracy based on an agenda that will include all topics: a democracy based on strengthening the legislative branch as a basically republican and representative force, a democracy nurtured by a sustained incentive for a thorough transformation of the justice system, a democracy reflected in the constitutional exercise of a presidential government effectively balanced by the other powers of the union.

I have pledged myself to building a new democracy through a frank dialogue and a rapprochement of the political leaders and their organizations.

I have launched these actions without taking into consideration any popularity or solemn occasions. I have done all of this in order to open the path toward this new democracy.

I am determined to continue with this, and I know that I have my party's support for that. However, these actions for a new democracy give me today a clear moral force for coming here to my party's headquarters, with great pride and satisfaction.

Let it be clearly established: No one will be be able to question why I am here with my party. My party and the president of the republic have the moral authority for meeting, getting together, and reaching agreements.

I also wanted to attend this ceremony because the PRI, which has contributed so much to the political stability, social organization, and institutional modernization of Mexico, is at present an injured party.

The PRI is a party hurt by the consequences of the events, beyond its control and will, that followed the conflict in Chiapas.

The PRI is a party hurt by the brutal crime of Luis Donaldo Colosio; he was its best man, its most honest leader, Mexico's most promising end-of-century hope.

The PRI is a party hurt by the verbal assault of those who, instead of voicing ideas and presenting proposals to advance their political group, have tried to build their credibility and prestige by insulting our party.

The PRI is a party hurt by the murder of Jose Francisco Ruiz Massieu and the slanderous charges that were unfortunately echoed in the rancor of some and the maliciousness of others. The PRI is a party hurt by the regional and social effects of an economic crisis for which it is not responsible as a party, as a program, or as a political organization. The PRI is a party hurt by the intolerance of those who seek to achieve political progress through the disappearance of our political organization and the intolerance of those who think any democratic progress should be coupled with a defeat of the PRI. Let this be clear: They are wrong, they will not defeat us!

This is why today, as a Mexican who is proud of his PRI membership, as a citizen knows his political rights, and as a constitutional president committed to democracy, I come to these headquarters to affirm the best way to make amends to the PRI is through the promotion of unity; which is the essence of its vigor, through seeking truth; and through enforcing the law and justice in a steadfast manner.

The best way to make amends to our party is by redoubling efforts to reform today's PRI for the sake of tomorrow's PRI. Undoubtedly, that reform will be supported by the broad social base of our party, its territorial structure, activists, and its free and committed organizations.

Undoubtedly, this reform will be coordinated by the leadership in keeping with Mexico's democratic progress toward new conditions of political competition and by taking advantage of the growing participation of an increasingly alert and well-informed citizenry. Undoubtedly, this reform will be implemented by a decision of PRI members tied to a commitment of keeping the party sensitive to new realities and attentive to new social demands; to keeping its finances honest and leadership skillful; and to preparing it to participate in in electoral process with respect, civility, and honesty.

I am sure this reform will show once again that when the PRI is on the move it is capable of drawing support, talent, and creative energy to strengthen the republic, envigorate the party system, and consolidate our political institution.

The PRI must be mobilized to pay tribute to the democratic legacy of Luis Donaldo Colosio and bring into reality the party that we dreamed about with him, a party whose historical maturity and ideological vitality will keep it a champion of democracy and a defender of sovereignty and nationalism, which should guide government action; a party that knows how to consolidate its basic values and that is always ready to take on new commitments with the nation; a party that promotes with tenacity the rights of Mexicans and demands compliance with the law, promotes material progress, and defends institutions; a party involved in a permanent struggle for the exercise of freedom and respect for pluralism and social justice; a party motivated by an integral view of democracy ranging from its ties to the citizenry and its affiliates and organizations to its political actions; a party that fully meets the democratic demand of turning its activists into leaders and candidates through the honest exercise of democracy.

I am sure the profound reform advocated by our leaders today will bring about a new PRI for a new democracy, a new PRI for a new era, a new PRI for a new Mexico. The implementation of these reforms will be the best way to make amends to the party, because they will keep it as the vanguard of change in Mexico.

Today I reaffirm my firm determination to not meddle in the decisions and internal processes of the PRI leadership and activists. I have done this since the start of this six-year term and will continue to do so.

Today I am also reiterating my strongest determination to work with the PRI and all parties, if they so wish, to build a new democracy for all and with all of us; a democracy for national unity, a democracy for certainty. For that reason, I will insist upon summoning all parties and political forces to advance the national political agreement in order to strengthen harmony and social peace, to give preference to dialogue and consensus as the path toward change, and to establish relations of shared respectful and republican responsibility among the branches of the union. It is a national political agreement to create a new and authentic federalism and undertake definitive electoral reform that ensures elections that evolve in a manner that satisfies everyone, regardless of the outcome.

Because my democratic conviction and democratic commitment are sincere and resolute, today I am asking the

PRI, with a clear moral authority, for its support and collaboration in a great political alliance.

As president, I am not asking the PRI for a noncritical relationship, for mechanical and unreflecting support, and debased and sterile subordination. As president, I am asking the PRI for support that is always well-reasoned and based on an open relationship; support that stems from objective analysis, timely explanation, and sincere conviction; and support rooted in the affinity of principles and objectives and agreement in terms of behavior.

As president, I am asking the PRI, my party, for a strong alliance that is unvaryingly respectful of the law, partisan conscience, and the autonomy of its organization. As president I am today summoning the members of my party to forge a legitimate, open, and solid alliance, a democratic alliance that strengthens our republican life, a national alliance that strengthens the institutions for the benefit of the people, but, above all, an alliance that strengthens Mexico.

Our alliance will be the first step from which I will call on all political parties and social organizations to develop solid, propositional, and dynamic agreement. The alliance with the PRI and the agreements with the political parties will buttress a renewed national unity to tackle the challenges of today.

National unity will support a republican government that responds to the democratic commitment of the people of Mexico. The unity of Mexicans will be the most formidable and efficient instrument to implement the program with which we will overcome the economic emergency. National unity will encourage dialogue as the path toward a lasting solution and peace with dignity in Chiapas. Unity will provide a broad social foundation for the construction of a rule of law where there is no room for impunity nor are there concessions to lawbreakers.

Mexico wants to be and Mexico needs to be a country of laws. The enforcement of justice is not a discretionary power of the executive but a clear, precise, open constitutional mandate. The application of the law is no ploy to prop up shallow popularity that would soon vanish.

I must also make it very clear that the enforcement of the law in no way entails shattering institutions nor does it seek to mar honorable names and reputations earned through patriotism and service. The enforcement of the law only means that everyone, absolutely everyone, government and those governed, should accept that we are subject to the same justice, to the same rule of law.

Our biggest challenge is to advance simultaneously in the political, economic, and socials fields in a great democratic alliance that covers all the political parties and social organizations. We will achieve that progress and at the same time strengthen our party.

Fellow party members:

As president of the republic, as president of all Mexicans, I am aware of what the nature of my relationship with the PRI, with my party, should be. I have stated, and I emphatically reiterate today, that I will know how to keep public power respectful and fair with regard to all political parties. I will know how to maintain a relationship open to the citizens' scrutiny, without intervening in the internal processes and without interfering in the decisions that must come from the PRI leaders and members. I will know how to honor, every day of my administration, the program and platform with which we received the vote of more than 17 million Mexicans. I will also know how to honor my party identity. This includes the duty of insisting that the new democracy does not entail the destruction of the PRI.

This includes the rejection of charges that the PRI is to blame for the government's failures or the individual mistakes of its members. This includes listening to the advice and counsel of the wise historical membership and sharing the challenges of the government with the men and women who are the energy of our party. This includes basing the political relationship between the government and the PRI on clear commitments that do not fall outside the law and that do not harm a plurality in the country. This includes an always forthright openness to a dialogue which recognizes the force of the PRI membership, the strength of its organization, and the representativeness of its leadership.

As Mexican and as president, I fully respect all the political parties, but I know well that it is with the PRI members that I share principles, ideals, and tasks.

As Mexican and as president, I confirm with full pride, with full pride [repeats himself], my conviction and identity as a PRI member.

I confirm my pride of belonging to this great political party and of raising its banner. As Mexican and as president I know well where my administration's greatest base of support and legitimacy is found.

Today, as we commemorate the 66th anniversary of the founding of our party, I meet with you, companeras and companeros, to state that we want a strong PRI in relationship to the governemnt, not a PRI dependent on it. We want a PRI with political strength and presence to be faithful to its postulates and to struggle for its principles. We want a PRI attentive to the management of the government and a PRI that demands the interests of its rank and file. We want a PRI that thinks about its support and that is active in influencing government decisions. We want a PRI determined to expand the areas of legal, honest,and fruitful participation, for society and the entire nation.

This is the PRI I call to join a great alliance for national unity. This is the PRI to which I belong with pride. This is the PRI with which I share and will continue to share commitments and challenges, aspirations and efforts, satisfactions and victories.

Long live the PRI!
Long live Mexico!

CNB Warns Against Panic; More Banks Facing 'Difficulties'

PA0903000395 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 7 Mar 95 p 7

[Report by Veronica Valdes and Luis Martin Gonzalez Guadarrama]

[FBIS Translated Text] The National Banking Commission [CNB] is stressing that panic should not spread following administrative intervention into the Asemex [Mexican Insurance]-Banpais Group, because the money of depositors, creditors, and investors is guaranteed, as well as the interests of customers in general.

The CNB underscored that despite the irregularities found, the financial entities comprising the aforementioned group will continue to operate normally and will meet each and every one of their commitments with third parties. This is why creditors, depositors, and/or account holders must not have any worries whatsoever.

It was unofficially reported that the CNB is investigating the operations of all advisers of the Asemex-Banpais Financial Group.

It also was reported that Jaime Sanchez Montemayor and Victor Miguel Fernandez knew of the irregularities, which were reported to Administration Council President Angel Rodriguez in September 1994.

In addition, sources close to the CNB said other banks facing difficulties include Serfin, Bital, Inverlat, Mercantil, Banco de Oriente, and Banco Obrero. The last bank on this list is facing difficulties despite an infusion of capital in 1994.

Except for Banco Obrero and Banco de Oriente, the other banks will not turn to Procapte [Temporary Capitalization Program] or Fobaproa [Savings Protection Banking Fund]. It seems they will increase their capital with money coming from foreign investors.

Angel Rodriguez has refused to comment on the situation of the financial group he heads, and his office has reported he is in Guadalajara and does not know when he will return to Mexico City.

Meanwhile, after the CNB announced the end of the administrative intervention in the Cremi-Union Group and the loss of shareholder earnings, the management offices of Banco Union branches hurriedly revised the information they keep on their most important clients—clients who have accounts of 50,000 new pesos or more.

This situation has aroused the skepticism of account holders, who, according to information provided by the Los Reyes La Paz branch, Mexico State, see it as another reason why their money is in jeopardy. They are withdrawing their savings to deposit it in Bancomer [Bank of Commerce], Banamex [National Bank of Mexico], or Serfin.

"We are being treated as though we are criminals," one former client who withdrew his savings last week commented.

Another client who had problems withdrawing his money explained: "We do not know what is going on, and I am pleased because I paid no attention to the previous manager, who tried to force me to buy shares of the former BCH [expansion unknown] by promising large profits. There were people who bought shares and invested their life savings. Now they have nothing. If it is not one thing, it is another. I had better put my money in another bank." He added, "They were asking for all sorts of documents, as though it were the office of a bureaucrat."

Volatile Markets Prompt Capital Flight of $8.1 Billion

PA0903001595 Mexico City EL FINANCIERO (ANALISIS Supplement) 6 Mar 95 p 37

[Report by Gustavo Sauri]

[FBIS Translated Text] The instability in the financial, stock, and exchange markets, as well as the political fallout from the 20 December financial crisis, have spurred capital flight that is estimated at $8.1 billion within just two months.

Of this, $3.336 billion will be replaced from the financial package sponsored by U.S. President William Clinton, following its authorization on 21 February, and the remaining $4.738 billion will be taken from international reserves.

According to a study by the "ANALISIS Supplement" of EL FINANCIERO, which was based on data from the Bank of Mexico and the Finance Secretariat, capital flight reduced international reserves to $1.720 billion in the second month of 1995. This is without taking into account the credits granted by the international financial institutions, an amount similar to that of 1981 when the credits rose to $1.12 billion. An IMF credit of $7.568 billion helped boost total reserves to $8.878 billion on 28 February 1995.

This means that the more than $3 billion in credits granted to Mexico to resolve its financial problems were inadequate to halt capital flight.

The current level of reserves, which is similar to that of mid-December 1994, could be insufficient to make the overseas purchases required by the national productive sector to operate.

During the month of January, imports rose to only $6.9 billion. This translates into a $450 million deficit, even though exports increased 35.4 percent.

The currency shortage could become precarious if direct foreign investments fail to exceed monthly estimates of $750 million, or if at least an additional $250 million does not return to the country every 30 days.

Given the manner in which investors have behaved over the past two week, particularly their reaction to the political events, no great enthusiasm to invest in the nation is foreseen. In turn, no significant repatriation of capital is expected. The best Mexico can hope for is a realignment of capital within the currency market.

Both indicators could get complicated given the uncertainty in the markets, high interest rates, restrictions in the labor law, and the lack of credibility in the economic program that has so far failed to keep pace with the situation.

The current level of reserves will only be adequate in covering imports for 37 days in light of the level of purchases in January, which rose to $6.989 billion. This amount represents a 25.8 percent increase when compared to the same month a year earlier, and it does not truly reflect the devaluating effect in foreign trade. This means that its growth might not be as high in coming months.

It remains to be seen whether the devaluation results in positive short-term effects by delaying imports while fostering exports.

If current gross reserves, including national assets overseas, are compared to their February 1994 levels, they represent a 69.6 decline. This amount is even greater if the revenues used to cover Tesobono [treasury bond] obligations are taken into account.

So far this year, the amount of these instruments in the hands of the public were reduced to $11.447 billion—a reduction of 38.3 percent. Nevertheless, $18.447 billion is still outstanding. In March and April, Tesobonos worth $5.337 billion will become due (mature), and in May and June, another $4.779 billion worth of Tesobonos will mature.

To cover this public liability, $7 billion from the U.S. credit package could be used until the end of June, and another $10 billion could be used, if necessary, as of 1 July through the end of the year. Moreover, according to the parties involved, the deadline could be extended six months more.

The challenge will be to reestablish confidence in an effort to stop using international reserves to stabilize a market that does not seem to have any limits in its appetite for dollars.

Senate Approves Dialogue, Conciliation Bill for Chiapas

PA0903024795 Mexico City NOTIMEX in Spanish 2349 GMT 8 Mar 95

[FBIS Translated Excerpt] Mexico City, 8 Mar (NOTIMEX)—The Mexican Senate today approved the Bill for Dialogue, Conciliation, and Dignified Peace in Chiapas. The initiative seeks a political settlement with the armed group that is operating in this region of the country.

After more than four hours of debate, the Senate approved the measure with 115 votes in favor and two abstentions. The bill is designed to create the necessary legal and political conditions for opening a dialogue in Chiapas. The legislators who endorsed the bill believe it will be an effective instrument in resolving the conflict.

Now that bill has been passed in the Senate, it will be sent to the Chamber of Deputies. If it is approved there, it will be published in the OFFICIAL GAZETTE, thereby becoming law. [passage omitted]

EZLN: No Promise of Payment Made for Serving in Ranks

PA0803163495 Mexico City LA JORNADA in Spanish 5 March 95 p 19

[Communique issued by Mexico's Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army on 27 February; place not given]

[FBIS Translated Text] To the Mexican people, to the world's peoples and governments, to the national and international press:

Brothers: The CCRI-CG [Clandestine Indian Revolutionary Committee-General Command] of the EZLN [Zapatist National Liberation Army] has this to tell you:

FIRST. Regarding the false news spread by the PGR [Office of the Attorney General of the Republic] and certain local and national news media to the effect that EZLN members are deserting our ranks and surrendering to the forces of the bad government, in addition to the fact the so-called deserters are alleging they were promised a financial payment that was never made, and other similar lies, the CCRI-CG states:

a) That the EZLN is an organization anyone can join or leave freely and voluntarily. There is no compensation of any kind, either in money or the like, for the honor of being a member of the EZLN. No promise of payment was ever made for serving in our ranks. From the highest command levels of this CCRI-CG to the smallest supporters of our just cause, no EZLN member gets any payment in money or in kind. The only payment we receive is the satisfaction of having served and the hope for a better, fairer, and more humane world for our children.

b) That no EZLN soldier has left our ranks. Our personnel list is complete, and our units are standing firm in their positions, awaiting orders from the EZLN's supreme command, the CCRI-CG.

SECOND. With their lies about alleged Zapatist desertions, the supreme government is attempting to deceive the Mexican people as well as the world's peoples and governments and trying to hide the truth from them: Dozens of federal soldiers from the front lines of the government's offensive force in the Lacandona Jungle are fleeing, leaving behind their weapons and equipment, and hiding their uniforms. Deserters ask for civilian clothing in villages and flee to Palenque, Ocosingo, La Independencia, Trinitaria, and the Guatemalan border. These soldiers would rather leave the ranks of the bad government than fight against brothers of their own race.

THIRD. Using displaced people as puppets, presenting them as "Zapatist deserters" and concealing the low morale of its ranks, the bad government is trying to elevate the prestige of its action, but lies will only lead to failures.

FOURTH. The conflict will not be resolved with lies. Progress will be made with clear and convincing signs of resolve to a dialogue.

Guatemala

Security Tightened at Palace, Presidential Residence

PA0803224595 Mexico City NOTIMEX in Spanish 2106 GMT 8 Mar 95

[FBIS Translated Text] Guatemala City, 8 Mar (NOTIMEX)—Guatemalan Vice President Arturo Herbruger today reported that security has been tightened at the National Palace and the presidential residence to prevent possible disturbances near the two buildings. He explained that the increased security measures are designed to keep protesters, whose daily marches conclude in front of these two buildings, "from occupying or vandalizing them."

While describing the increased security measures, Herbruger said, "Graffiti detract from the prestige of the National Palace, which is a national monument. This is why we are taking preventive measures."

At least 30 National Police members and Guatemalan Army soldiers took up positions in front of the National Palace today. Also, one of the building's two gates was locked and police started to search everyone entering the building.

The guards at the presidential residence also are on alert because of demonstrations by union and student groups. Every day, small groups of demonstrators conclude their protest marches at the Plaza de la Constitucionalidad across from the government building. The protests have been called to demand the prompt resolution of problems related to housing, poverty, and labor.

Yesterday, students from state-run San Carlos University defaced the walls of Congress and the National Palace with graffiti to express opposition to the authorities. The National Palace is built of natural-looking granite, making graffiti nearly impossible to remove.

URNG: Copaz Not Proposing Substantial Modifications

PA0803163295 Guatemala City SIGLO VEINTIUNO in Spanish 7 Mar 95 p 4

[FBIS Translated Text] Following the government's observations on UN Draft 2 on the Indian Peoples, the URNG [Guatemalan National Revolutionary Unity] stated yesterday that Copaz [National Commission for the Consolidation of Peace] is not proposing substantial modifications to solve problems concerning land, political rights, and territorial rights.

According to Luis Becker Guzman, a member of the URNG's political-diplomatic team, the guerrilla groups' observations concern basic issues such as the Indians' political rights, territorial autonomy, and land rights, which are part of the main demands from the majority of the population.

We have also discussed the need for the government to ask that Congress immediately approve Agreement 169 on Indian and tribal people, because we believe this agreement is vitally important for the respect of the Mayans' rights, he has said.

In his opinion, it is necessary for the government to urgently adopt measures in case the legislative branch refuses to approve the agreement, although he has ruled out a nonapproval will provoke a delay in the negotiations. He has said the political willingness of the two state branches is expected.

While we propose substance to the contents of the Indian issue, the government is still avoiding important issues, and I believe its comments are unimportant, because they do not deal with basic points of the Indian problem, he has said.

Becker has said the government's observations state the Indians' political rights are already outlined in the Constitution, and scant attention is given to the community lands and territory issues.

As far as we are concerned, what the Magna Carta states is dead letter, because efforts are never exerted to implement it. Thus, we believe a series of constitutional reforms to the Indian issue are necessary in order to render it functional, although we must admit that some of the Magna Carta's points can be salvaged, he has warned.

Referring to the summons for a plenary session, he has said the URNG has asked the United Nations to issue the summons after 15 March, because most of the members of the rebel team are not in Mexico, and they may have no free time until that date.

We have sent the notification to the United Nations to explain that our comrades are carrying out important tasks outside Mexico. Thus, we have asked that the meetings be held after 15 March, so we may count on all our members, he has said.

Honduras

Mosca Group Takes Credit for Bombings, Criticizes Reina

PA0903001295 Tegucigalpa EL PERIODICO in Spanish 8 Mar 95 p 4

[FBIS Translated Text] Tegucigalpa—Two medium-strength explosive devices were detonated yesterday at 1850 in different parts of the capital, provoking fear among the citizens.

The two attacks have been blamed on a clandestine group called the Solidarity Movement for Central America [Mosca]. The movement appeared in the country several months ago, but no one knows who comprises it. Mosca's members have merely addressed pamphlets to the media to outline their positions.

One of the home-made propaganda bombs was placed in front of the headquarters of the Central Executive Council of the Liberal Party of Honduras [PLH], while the second device exploded in front of the building that houses the Trailblazing News Studios, near the Voz de Honduras facilities, on the boulevard leading to the university.

A large number of pamphlets were scattered by the explosion. In the pamphlets, Mosca claimed responsibility for the attacks.

The pamphlets also stated that the members of this group, all of whom remain underground, are protesting the lack of decision on the part of the government, which had promised a moral revolution, especially in terms of economic policy. They also stated that there are no economic programs or guidelines that support the country's economic development.

Mosca also indicated that close associates of President Carlos Roberto Reina are mostly well-known guerrilla members who now enjoy the power acquired by the PLH. They also denounced the corruption prevailing in the current administration, adding that, if the National Party of Honduras was indeed guilty of corruption, the PLH is even worse.

Rights Group Claims Armed Forces Behind Bombings

PA0903014495 Mexico City NOTIMEX in Spanish 2141 GMT 8 Mar 95

[FBIS Translated Text] Tegucigalpa, 8 Mar (NOTIMEX)—The Committee of Relatives of Missing Prisoners in Honduras (Cofadeh) today accused the Armed Forces of being behind the explosion of four propaganda bombs, which were designed to frighten civilian society.

Referring to the bomb blasts, Cofadeh Coordinator Berta Oliva told NOTIMEX: "These incidents, which occurred Tuesday [7 March], are the result of the Armed Forces' desperate efforts to destabilize the country and then come out as its savior."

At the sites of the bombings, police found pamphlets signed by the self-proclaimed Solidarity Movement for Central America (Mosca), which emerged recently and defends the Honduran Armed Forces.

The propaganda bombs exploded at the headquarters of the ruling Liberal Party of Honduras and at the Trailblazing News Studios in this capital. Two others exploded in the country's second largest city of San Pedro Sula, causing damage but no casualties.

Oliva said Mosca communiques were left in front of Cofadeh's offices last week, adding that one threatening paragraph warned: "We are acting peacefully for the time being, but we will carry out other types of actions." The communique, like the one scattered by the bombs last night, stated that the current government employs communists and maintains a dozen Cubans as advisers. The pamphlets also stated opposition to the voluntary military service proposed by President Carlos Roberto Reina.

Oliva stated: "Mosca undoubtedly comes from the Armed Forces, which feel they are being attacked by popular organizations that demand an end to impunity." On behalf of Cofadeh, she again demanded information concerning 184 people who have been missing for a decade.

She also noted the use of similar psychological warfare methods that were used in the 1980's, when groups close to the Armed Forces, including Battalion 3-16, distributed propaganda denouncing the struggle waged by Cofadeh, which was demanding—just as it does now—punishment for the culprits behind these disappearances.

Before Mosca's appearance, communiques were distributed in November and December by the self-proclaimed "Democratic and Civilist" group. These communiques downplayed last year's military draft and the discovery of Nelson Mackay's remains. The pamphlets which circulated last year included the letters "JAR"—the initials of Congress Vice President Jorge Arturo Reina—and they criticized him for the current Liberal administration's ties with Cuba.

Referring to the bombs that exploded on Tuesday, Adolfo Facusse, president of the Honduran Council for Private Enterprise, said they come from groups opposed to a voluntary military service.

Facusse added: "Once you understand who is upset with the reforms to the draft system, you will find who has an interest in hurling those bombs."

Presidential-Designate Guadalupe Jerezano condemned the attack and issued an appeal to the people, urging them to prevent these terrorist actions, because "the country could enter what may become an uncontrollable situation."

Following the explosions, Armed Forces Chief General Luis Alonso Discua Elvir rejected reports that the military was behind the bombings or the clandestine group that local analysts have described as having anticommunist tendencies.

Army Chief on Military Service

PA0803165995 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 7 Mar 95

[Interview with Division General Luis Alonso Discua Elvir, commander in chief of the Honduran Armed Forces, by Jose Danilo Izaguirre in Tegucigalpa; from the "The Morning Paper" newscast—live]

[FBIS Translated Text] General, what can you tell the Honduran people about an HRN [call sign for Voz de Honduras] Armed Forces report containing the official position on why most Honduran military men think voluntary-educational military service is unadvisable at this time. Good morning, sir.

[Discua] Good morning, HRN and Honduran people. I heard that document was drafted by the institution as a result of a draft last year. This document was prepared by a commission. I was surprised by its dissemination because its circulation was quite restricted. It was really an analysis done following the draft.

Last year this procedure complied with the law because the Recruitment Law.... [pauses] I think there is confusion about this.

The recruitment system is one thing.... [pauses] Jorge Arturo Reina Idiaquez in Managua and those who preceded me here said it too, that the recruitment system is what people repudiate [words indistinct]. The document was prompted by last year's draft.

It suggests how much a battalion with a certain number of troops should be paid. We provided three or four options. Military service is onerous. We understand the country is facing a very critical economic situation. In our analysis, in our report, we take into account the economic situation and those who have completed military service under such conditions.

Of course, there have been mistakes and deficiencies. We are trying to overcome them through the supplemental law that [words indistinct] article of the Constitution of the Republic. This is reflected in the report.

I am surprised by the dissemination of the report. Very few of us had access to it: the individuals who drafted it and those who received it. It was nothing more than a summary, a summary of the events, results, and recommendations. The document contains nothing more than our current thoughts.

[Izaguirre] This morning, from Nicaragua, Jorge Arturo Reina, vice president of the Congress and president of the Central Executive Commission of the Liberal Party, said they will meet with you in the next few days not only to discuss military-educational service, but also other issues. Do you think an agreement or a consensus will be reached between civilians and the military in search of the best for the country?

[Discua] Definitely, I think all Hondurans want the best for the country. As a Honduran and a soldier I hope the goal is not to destroy or eliminate the institution. The president of the Republic clearly stated this during a meeting. Although there might be attempts to manipulate members of the institution, we do not have policymaking duties. I think the Armed Forces should be allowed to voice its opinion on this issue. We give our opinion; actually, they should ask for our opinion.

It is true, Jorge Arturo Reina has always been open to dialogue and has stated this frequently, and the president has, too. This issue should not become politicized because this would create confusion.

I think if we, the Armed Forces, an institution that is talked about frequently, sat down to talk with interested sectors and sectors that want to move this project forward [words indistinct] in a serious manner and should not be revealed to the public, because anything leaked to the public or other sectors undermines the good intentions of the sector advocating a dialogue, and us who are willing to voice our opinions and recommendations.

We are not engaging in deliberations or opposition, because opposition is tantamount to insubordination. We are not showing disrespect toward our commander general, the president of the Republic, to whom we owe loyalty and respect, although there have been attempts to manipulate this issue. As a great statesman, he has been able to overcome this.

As advocated by Jorge Arturo Reina, who is very well-liked person, I also think the best thing is a frank and sincere dialogue. We should voice our views without violating the Constitution, which states the Armed Forces is not a policymaking body. I repeat, we are currently not showing disrespect or rebelling. We are analyzing what is good for the country, what the country needs.

I agree the military service is fine. The recruitment system is what has been manipulated. The public has been confused about the recruitment system. There has been confusion about this. I agree and I repudiated the recruitment system from the beginning. I and several officers have always repudiated the recruitment system because it is not normal to go around recruiting in parks and in movie theaters. I think the supplemental law to the Constitution is a modern law. However, there was never the political will to apply it. That was the basis of the problem.

It seems that in wanting to please the person who had the responsibility to take the initiative and find a political solution, we confused ourselves. We wanted to please the person who had to make that decision and we made the mistake and we fell into the trap of conducting a, let us say, rigorous recruitment. However, this is an appropriate time. We have a president who enforces the law. We have a president who complies with the law. I said: Wait a minute, let us do it as the secondary law stipulates. That is the recruitment law. That is how it has been done and it has had a positive effect. Obviously, there have been errors. For example, a call was issued and youths did not present themselves. Now then, the law establishes what should be done with that conscript. The law and the code must be applied. He must go to jail; a defense lawyer must be appointed; he is released on bail; he is punished. That is one of the flaws. Secondly, some people answered the call but deserted and they are also not being prosecuted. Another case involves people who enlisted due to the current critical economic situation [words indistinct] but the process has changed completely now. We are human beings. We are aware. Their human rights must be respected. With our few resources, we have tried to do something. I think that if resources improve.... [pauses] at this time in El Salvador, a soldier earns more than 2,000 lempiras. A soldier makes even more in Guatemala and Nicaragua. I hear that in South America, a volunteer soldier gets his monthly wage plus social security for himself and his family. He is paid many benefits that are being requested here. We are a poor country. We are aware of this. (?Soldiers) have to defend everything that the Constitution establishes as the duty of the Armed Forces. We are guarantors of the constitutional order. We are guarantors of internal order. We are guarantors of national sovereignty. Wars do not [words indistinct]. There are many interests. Let us remember the hydrographic basins that many Central American countries [words indistinct]. If things are not resolved through diplomatic means, there is only one option, the use of force, and the Armed Forces are the ones that impose force. But with weak Armed Forces, we would be left in God's hands. It is better to have an Army and not need to use it than not to have one when we need it.

Nicaragua

Assembly Publishes Constitutional Reforms

PA0603021195 Managua EL NUEVO DIARIO (REFORMAS Supplement) in Spanish 24 Feb 95

[Law 192 issued by the Nicaraguan National Assembly on 1 February in Managua]

[FBIS Translated Text]

LAW NO. 192

THE PRESIDENT OF THE REPUBLIC OF NICARAGUA INFORMS THE PEOPLE OF NICARAGUA THAT:

THE NATIONAL ASSEMBLY OF THE REPUBLIC OF NICARAGUA WHEREAS:

I

It is necessary that our country perfect a legal state for the exercise of full democracy and the application of social justice;

II

In order for the country to advance in its stabilization and institutionalization process, to develop its political system, and to deepen our democratic system, we need to review and update our current judicial-constitutional order to reflect today's realities;

III

Within this new context, we, the representatives to the National Assembly, deeply convinced of this need, under the protection of God, proceed to partially reform the Political Constitution.

With the power bestowed upon us:

HAS DICTATED

The following:

LAW TO PARTIALLY REFORM THE POLITICAL CONSTITUTION OF THE REPUBLIC OF NICARAGUA

Article 1 Reform Articles 1, 2, 4, and 5 of the single chapter Title I "Fundamental Principles of the Political Constitution," to read as follows:

Article 1

National independence, sovereignty, and self- determination are the people's inalienable rights and the foundation of the Nicaraguan nation. All foreign interference in Nicaragua's internal affairs and any attempt to undermine these rights are an affront to the life of the people. It is the duty of all Nicaraguans to preserve and defend these rights.

Article 2

National sovereignty rests with the people and is exercised through democratic instruments, by deciding and freely participating in building and perfecting the nation's economic, political, and social systems. Political power is exercised by the people through representatives who are freely elected by universal, equal, direct, and secret suffrage, with no person or group of people able to arrogate this power or representation. This political power may also be exercised through a referendum or a plebiscite, and through other procedures established by this Constitution and the law.

Article 4

The state shall promote and guarantee social and political progress to ensure the common good, assuming the task of promoting the human development of each and every Nicaraguan, protecting them against all forms of exploitation, discrimination, and exclusion.

Article 5

Liberty; justice; respect for human dignity;, political, social, and ethnic pluralism; acceptance of various forms of property; free international cooperation; and respect for the self-determination of people are principles of the Nicaraguan nation.

Political pluralism ensures the existence and participation of all political organizations in the country's economic, political, and social affairs, without ideological restrictions, except those that intend any sort of dictatorship or any type of antidemocratic system.

The state recognizes the existence of the Indian peoples, who have rights, duties, and guarantees outlined in the Constitution, and especially the right to maintain and develop their identity and culture and their own social organization, and to administer their local affairs, as well as to maintain communal land property, its use and benefits, all in accordance with the law. This Constitution establishes autonomy for Atlantic coast communities.

The various forms of property: public, private, associative, cooperative, and communal, must be guaranteed and encouraged without discrimination in order to produce riches. All forms of property must fulfill a social duty within their freedom to operate.

Nicaragua bases its international relations on friendship and solidarity among peoples and reciprocity among states. Therefore, all forms of political, military, economic, cultural, and religious aggression and intervention in the domestic affairs of other states are inhibited and proscribed. It recognizes the principle of the peaceful solution of international disputes through the means provided by international law and proscribes the use of nuclear weapons and other means of mass destruction in domestic and international conflicts. It guarantees asylum for politically persecuted individuals, and rejects any subordination of a state by another.

Nicaragua adheres to the principles that comprise the sovereignly ratified and recognized American International Law.

Nicaragua gives priority to regional integration and advocates the reconstruction of the great Central American Fatherland.

Article 2. Reform Articles 26, 28, 33, 34, 42, and 44 of Chapter I "Individual Rights," Title IV "Rights, Duties, and Guarantees of the Nicaraguan People" of the Political Constitution, which will read as follows:

Article 26

Every person has a right:

1) To his own and his family's private life.

2) To the inviolability of his residence, mail, and all forms of communication.

3) To respect for his honor and reputation.

4) To learn all the information the state authorities have on file about him, as well as the right to know why and for what purpose they have that information.

A residence can only be searched by written order from a competent judge, except:

a) If those residing in a house state that a crime is being committed there or if a request for help is received from inside it;

b) If due to fire, flood, or similar cause, the residence or the lives of the residents are in danger;

c) When it has been reported that strangers have been seen in a residence with obvious intent to commit a crime;

d) In cases of actual and immediate pursuit of a criminal;

e) To rescue a kidnapping victim.

In all these cases, the procedures will be carried out according to law.

The law determines the cases and procedures for the examination of private documents, accounting records, and their annexes when this is essential to clarify matters submitted before the courts of justice or for fiscal reasons.

Letters, documents, and other private documents obtained illegally shall have no effect in or outside a trial.

Article 28

Nicaraguans abroad are protected and assisted by the state through its diplomatic and consular representatives.

Article 33

No one will be arbitrarily detained or imprisoned or deprived of his freedom, except for causes established by law in accordance with legal procedures.

Therefore:

1) Arrests can only be made by virtue of a written order from a competent judge or the authorities expressly empowered by law, except in cases of flagrante delicto.

2) Every person in detention has a right to:

2.1. To be informed without delay, in the language or dialect he understands and in detail, as to the reason for detention and the charges he faces; that his detention be reported by the police to his family or whomever he decides; and to be treated with the proper respect in terms of his inherent dignity as a human being.

2.2. To be released or presented to the appropriate authority within 48 hours from the time of his arrest.

3) Once the sentence has been completed, no one should remain under arrest after the appropriate authority issues an order for release.

4) Every illegal detention is cause for the civil and penal discipline of the authority who orders or executes the arrest.

5) The appropriate organizations will try to ensure that defendants and convicts serving prison terms should do so in different facilities.

Article 34

All defendants have a right, under equal conditions, to the following minimum guarantees:

1) That their innocence be assumed until their guilt is proved in accordance with the law.

2) To be tried without delay by the appropriate courts established by law. No court has the right to hear cases outside its jurisdiction. No one can be taken away from his appointed judge or taken to a special jurisdiction.

3) To be tried by jury when the law so determines. Cases may be appealed.

4) To have a right to speak and defend oneself from the beginning of the trial and awarded time and proper means for defense.

5) That a public defendant be appointed in the event that no attorney is designated during the first appearance, or in the event the defendant has not appeared despite public edicts.

The defendant has the right to communicate privately and freely with his defense attorney.

6) To be freely assisted by an interpreter if the defendant cannot understand or cannot speak the language used in the court.

7) Not be forced into self-incrimination or to testify against a spouse or common-law spouse, blood relatives up to the fourth degree, relatives by kinship to the second degree, or into self-confession.

8) That sentencing take place within the legal time limits established for each stage of the process.

9) The right to appeal to a higher court in order that his or her case be reviewed if convicted of any crime.

10) Not to be tried again for a crime of which one already has been convicted or acquitted.

11) Not to be tried or convicted for an act or for an omission which at the time it was committed was not expressly and unequivocally described under the law as a punishable act, or to be sanctioned by a term not provided for under the law. It is forbidden to dictate retroactive laws or to treat the inmate with defamation.

The legal process must be public. Access by the press and the general public may be limited when taking into account moral and public order considerations. The accused will be part of the trial from the beginning and during every stage.

Article 42

In Nicaragua the right to refuge and asylum is recognized. Refuge and asylum only protect those persecuted for struggling for democracy, peace, justice, or human rights. The law shall determine the condition of the asylum seeker or political refugee according to international agreements ratified by Nicaragua. In the event an asylum seeker is expelled, he or she can never be sent to the persecuting country.

Article 44

The right to own private property such as personal property and real estate and the instruments and means of production is guaranteed.

By virtue of the property's social function, this right is subject, by reasons of public use or social interest, to limitations and obligations imposed by law on its exercise. The real estate mentioned in the first paragraph could be subject to expropriation, according to the law and after cash payment of a fair indemnification.

With regard to the expropriation of idle and large landed estates for agrarian reform purposes, the law shall determine the type, amount, installment plan, and interest to be acknowledged as indemnification.

The confiscation of properties is forbidden. Those officials who violate this provision will be responsible for damages with their own properties.

Article 3: Reform Article 51 in Chapter II "Political Rights," Title IV "Rights, Responsibilities, and Guarantees of the Nicaraguan People" to read as follows:

Article 51

Citizens have the right to elect and be elected in recurrent elections and to run for public posts, except for the limitations outlined in this Political Constitution.

Citizens have the responsibility to serve on juries and to fulfill other municipal duties, except in cases where excuses accepted by the law are presented.

Article 4: Reform Articles 56 and 68 in Chapter III "Social Rights," Title IV "Rights, Responsibilities, and Guarantees of the Nicaraguan People" to read as follows:

Article 56

The state shall pay special attention to the handicapped, relatives of the fallen, and victims of war in general in all its programs.

Article 68

The media, as part of its social duty, shall contribute to developing the nation.

Nicaraguans have the right to access to the media and to give an explanation whenever their rights and guarantees are adversely affected.

The State shall ensure that the media is not subjected to alien interests or to economic monopolies by any group. The law shall regulate this matter. Machinery, equipment, and spare parts imports for the written and broadcast media, as well as the importing, issuance, and sale of books, pamphlets, magazines, school and scientific materials, newspapers, and other periodic publications shall be exempt from all municipal, regional, and fiscal taxes. The public and private media shall not be subjected to previous censorship. Presses, their accessories, and any other means or equipment used to convey thoughts shall not be seized as instruments or corpora delicti.

Article 5: Reform Article 71 in Chapter IV "Family Rights," Title IV "Rights, Responsibilities, and Guarantees of the Nicaraguan People" to read as follows:

Article 71

Nicaraguans have the right to form a family. Family properties are guaranteed, cannot be attached, and are exempt from all public burdens. The law shall regulate and protect these rights.

Children have special protection and rights required by their condition. For this reason, the International Children Rights Convention is in full effect.

Article 6. Reform Articles 92, 93, 94, 95, 96, and 97 of Title V, Single Chapter "National Defense" of the Political Constitution, to read as follows:

Article 92

The Nicaraguan Army is the armed institution for defending sovereignty, independence, and territorial integrity.

Only in exceptional cases can the president of the Republic, in a Council of Ministers meeting, order, in support of the National Police, intervention by the Nicaraguan Army when the Republic's stability is threatened by huge domestic disorders, calamities, or natural disasters.

The installation of foreign military bases on the national territory is prohibited. Military vessels, airplanes, and machinery for humanitarian use may be authorized transit or stopover, provided that this is always requested by the government of the Republic and ratified by the National Assembly.

Article 93

The Nicaraguan Army is a national institution, which is professional, nonpartisan, nonpolitical, obedient, and without decisionmaking powers. Army personnel will be trained in human rights and civics.

Strictly military crimes and misdemeanors, committed by members of the Army or police, will be dealt with by military courts as established by law.

Common crimes and misdemeanors committed by members of the military or the police will be dealt with by common courts.

In no case can civilians be tried by military courts.

Article 94

No members of the Nicaraguan Army or police may take part in partisan political activities or hold any sort of post in political organizations. They may not run for popularly elected posts without resigning from active military or police duty at least one year before the elections in which they intend to take part.

The organization, structures, activities, promotion lists, raises, retirement, and everything to do with the operation of these organizations will be regulated by law covering these topics.

Article 95

The Nicaraguan Army will strictly observe the Political Constitution, which it will respect and obey. It will be subjected to the civilian authority directly exercised by the president of the Republic in his role as supreme chief of the Nicaraguan Army, or through the corresponding ministry.

No other armed corps or military ranks established by law can exist in the national territory.

Article 96

There will be no obligatory military service and all forms of forced recruitment into the Nicaraguan Army and National Police are forbidden.

Army and police organizations are forbidden from conducting political espionage activities.

Article 97

The National Police is a armed corps of a civilian nature. Its mission is to ensure domestic order, citizens' security, crime prevention and persecution, and other issues. The National Police is professional, nonpolitical, and obedient, and has no decisionmaking powers. The National Police will be strictly ruled by the Political Constitution, which it will respect and obey. The National Police will be subjected to the civilian authority exercised by the president of the Republic, through the corresponding ministry.

Among its tasks, the National Police will assist jurisdictional power. The internal organization of the National Police will be based on the hierarchy and discipline of its governing body.

Article 7. Reform Articles 99, 104 and 105 of Chapter I "National Economy" of Title VI "National Economy, Agrarian Reform and Public Finances" of the Political Constitution, to read as follows:

Article 99

The state is responsible for promoting the country's overall development and as promoter of the common good must guarantee the individual, social, sectorial, and regional needs and interests of the nation. The state has the responsibility to protect, foment, and promote private, state, cooperative, associative, community, and mixed forms of ownership and economic and business activity to guarantee social and economic democracy.

The exercise of economic activities primarily corresponds to individuals. The leading role of private enterprises is recognized. In a broad sense, private enterprise encompass large, medium-sized, and small businesses, micro businesses, cooperative enterprises, associative enterprises, and others.

The Central Bank is the state regulator of the monetary system. The state banks and other state financial institutions will be financial instruments of development and investment and will diversify their credits with emphasis on small and medium-sized producers. The state has the inalienable duty of guaranteeing their existence and operation.

The state guarantees free enterprise and the establishment of private and state banks and financial institutions which will follow the laws of the sector. Private and state activites in foreign trade, insurance, and reinsurance will be regulated by law.

Article 104

Businesses created under any of the forms of property ownership established by the Constitution are equal under the law and the state's economic policies. The establishment of private enterprise is free.

Freedom to carry out economic activities is hereby guaranteed, without any restrictions other than those established by law for social or national interest reasons.

Article 105

The state is obliged to promote, provide, and regulate the basic public utility services of power, communications, water, transportation, transit system infrastructure, sea ports, and airports for the people. Free access thereto is an undeniable right. Private investment, in its various forms, and the concession of exploitation rights in these areas will be governed by law in each specific case.

Education, health, and social security are the undeniable duty of the state. The state is obliged to provide such services without exclusion and to improve and expand them. State-owned installations and infrastructure used to render such services will not be transferred in any way or to any degree.

Health services will be provided free of charge to the more vulnerable sectors of the population. Priority attention will be given to maternal and child care programs. State-provided health and education services must be expanded and strengthened. The right to provide private health and education services is hereby guaranteed.

It is the state's obligation to control the quality of goods and services and to prevent speculation and hoarding of basic consumer goods.

Article 8: Reform Articles 106 and 107 of Chapter II "Agrarian Reform" of Title VI "National Economy, Agrarian Reform and Public Finances" of the Political Constitution, to read as follows:

Article 106

Agrarian reform is a basic instrument of the property democratization process and the just distribution of land. It is an essential part of promoting overall ecological reconstruction strategies and the nation's sustainable economic development. Agrarian reform will take into account the socially necessary relationship between man and the land. The property of the peasants benefited by land reform programs is hereby guaranteed in accordance with the law.

Article 107

Agrarian reform will eliminate idle landholdings. This will be done mainly with state land. When the expropriation of idle landholdings affects private owners, it will be done in compliance with Article 44 of this Constitution. Agrarian reform will eliminate any form of exploitation of the peasants and the country's Indian communities. It will advocate forms of ownership compatible with the nation's economic and social goals as established in this Constitution. The ownership system for the Indian communities' lands will be regulated according to the law on this issue.

Article 9. Reform Articles 112, 113, 114 of Chapter III "Of Public Finances" of Title VI "National Economy, Agrarian Reform, and Public Finances" of the Political Constitution to read:

Article 112

The Law on the General Budget of the Republic has an annual validity. Its goal is the regulation of the public administration's normal and special revenues and expenditures. The law will establish the limits of the state branches' expenses. It must show the various sources and allocations for all the revenues and expenditures, all of which must tally.

The National Assembly may modify the draft budget forwarded by the president of the Republic, but it cannot create special expenditures—except based on the law and through the creation and allocation of resources to finance them. The Budget Law will regulate this matter.

Any changes in the general budget of the Republic which involve an increase or decrease in credits, or an decrease in revenues or transfers between different agencies, will require the approval of the National Assembly. The annual budget law cannot create taxes.

Article 113

The president of the Republic must draft the annual budget bill, which must be submitted to the National Assembly for discussion and approval according to the law on the issue.

The annual budget bill must contain the budgets of autonomous agencies, government agencies, and state enterprises, for the National Assembly's information.

Article 114

The National Assembly has the exclusive and untransferrable authority to create, approve, modify, or eliminate taxes. The tax system must take into consideration the distribution of riches and revenues.

Confiscatory levies and taxes are prohibited.

Medicine, vaccines, and serums for human consumption, as well as orthotics and prostheses, will be tax exempt. The same applies to raw materials and components needed to manufacture those products, according to the established classification and procedures.

Article 10. Reform Articles 121 and 125 of Title VII, Single Chapter "Education and Culture," of the Political Constitution to read:

Article 121

Access to education is free and equal for all Nicaraguans. Elementary education is gratuitous and mandatory in the state's centers. High school education is gratuitous in the state's centers, without detriment to the voluntary contributions parents can make. No one may be excluded in any way from a state center for economic reasons. According to the law, Indian people and ethnic communities on the Atlantic coast have the right to an intercultural education in their region and in their native language.

Article 125

Universities and Higher Technical Education Centers will enjoy academic, financial, organizational and administrative autonomy, in accordance with the law.

They will be exempt from regional and municipal taxes and fiscal contributions. Their property and capital will not be subject to intervention, expropriation, or encumbrance, except when the liability claim is based on civil, mercantile, or labor contracts.

Faculty, students, and administrative workers will play an active role in university activities.

Universities and Higher Technical Education Centers that by law must be financed by the state, shall receive 6 percent of the Annual National General Budget, to be distributed in accordance with the law. The state may grant the Universities or Higher Technical Education Centers additional funding for special expenditures.

The freedom to choose careers and courses is hereby guaranteed. The state will promote and protect free creation, research and dissemination of science, technology, arts, and literature and will guarantee and protect intellectual property.

Article 11: Reform articles 130 and 131 of Chapter I, "General Principles," of Title VIII, "State Organization," of the Political Constitution to read as follows:

Article 130

The Nicaraguan Nation is hereby established as a Social State of Law. No position will afford the person holding it more authority than that granted by the Constitution and the law.

All government officials must disclose and account for all assets before assuming and upon leaving their posts. The law will regulate this matter.

Government officials from any of the branches of state, directly or indirectly elected, ministers and vice ministers of state, presidents or directors of government and autonomous agencies, and Nicaraguan ambassadors assigned abroad may not be awarded any state concessions. Likewise, they may not act as representatives or agents of public or private, domestic or foreign enterprises in contract matters between the state and such enterprises. Violation of this provision will invalidate such concessions or benefits derived therefrom, and the official in question will lose said representation and the government appointment.

Prior to any such legal action, the National Assembly, by virtue of an affirmative vote by an absolute majority of its members, will authorize the lifting of immunity. In the absence thereof, government officials protected by personal immunity, in accordance with the Constitution, will not be detained or charged, except for family or labor related matters. Said immunity may be waived. The law will regulate this matter.

The Supreme Court of Justice in plenary session is the competent authority for handling cases involving the president or vice president of the Republic, whenever these individuals' immunity is lifted due to criminal charges.

No close relative of the appointing official or of the person originating such authority may be appointed to any of the branches of state, their agencies, or any other institutions created herein. For the principal positions, said prohibition is effective as of the fourth degree of consanguinity and second degree of affinity. The law will regulate this matter.

This prohibition does not include appointments made in fulfillment of the Civil Service and Career Service Law, Teaching Service Law, Legal Service Law, Foreign Service Law, and similar laws that may be enacted.

Article 131

Employees of the four branches of state, elected directly or indirectly, are answerable to the people for the proper performance of their duties, and they must inform the people of their work and official activities. They must tend to and listen to the people's problems and try to resolve them. Public service should be exercised in favor of the people's interests.

The state, in accordance with the law, bears patrimonial responsibility for any damage to the property, rights, and interests of individuals resulting from the actions or omissions of government employees in the performance of their duties, except in cases of force majeure. The state will be able to trover the government official or employee who caused the harm. Government officials and employees are personally responsible for the violation of the Constitution, for the lack of administrative honesty, and for any other crime or fault committed in the performance of their duties.

They are also answerable to the state for the harm they may cause through abuse, negligence, or omission in the performance of their jobs. Civilian duties will not be militarized. The civil service and career service will be regulated by law.

Article 12. Reform Articles 132, 134, 136, 138, 140, 141, 142 of Chapter II, "Legislative Branch," of Title VIII "On the Organization of the State," in the Political Constitution, to read as follows:

Article 132

Legislative power is exercised by the National Assembly by popular delegation and mandate. The National Assembly is formed by 90 deputies with their respective alternates, elected by universal, equal, direct, free, and secret vote, through the proportional representation system. In accordance with the electoral law, 20 national deputies will be elected, and 70 deputies will be elected in the departmental districts and autonomous regions.

It is mandatory to earmark a large enough percentage of the general budget of the Republic for the National Assembly.

Article 134

A deputy must meet the following requirements:

1) Be a Nicaraguan national.

2) Be in full use of one's civil and political rights.

3) Be 21 years of age.

4) Have resided or worked continuously in the country during the two years prior to the election, unless you were on diplomatic missions or worked with international organizations, or were studying abroad. Additionally, one must be born or have resided the two previous years in the department or autonomous region in which one is seeking election.

The following cannot run for the post of deputy or alternate:

1) Ministers, deputy ministers of state, justices of the Judicial Branch and the Supreme Electoral Council, the comptroller general of the Republic, the human rights ombudsman, and mayors, unless they resign from their posts 12 months prior to the election.

2) Individuals who have given up their Nicaraguan nationality, unless they recover this nationality at least five years before the election.

3) Ministers of any religious cult, unless they relinquish the exercise of their profession at least 12 months before the election.

Article 136

National Assembly deputies will be elected to a five-year term which begins when they take the oath of office on 9 January of the year following the election.

Article 138

The following are the National Assembly's duties:

1) Prepare and approve laws and decrees, as well as to reform and strike existing laws from the books.

2) Genuinely interpret the law.

3) Grant amnesty and pardons through its own initiative or the initiative of the president of the Republic.

4) Request reports from ministers, deputy ministers, presidents and directors of autonomous and government institutions. The deputies can also request their personal appearance and interpellation. Appearances will be obligatory, governed by the same urgency observed in legal proceedings.

If, as a consequence of the interpellation, an absolute majority within the National Assembly believes there is cause for a trial, from that moment the interpellated official will lose his immunity.

5) Grant or annul the legal status of civilian associations.

6) To be aware of, discuss, and approve the annual general budget bill and to be periodically informed of its execution in accordance with the procedures established by the Constitution and the law.

7) Elect the justices of the Supreme Court of Justice from separate lists presented for each position by the president of the Republic and by the deputies of the National Assembly in consultation with the pertinent civilian associations. The deadline for presentation of the lists will be 15 days from the moment the National Assembly is convened for their election. Should the president of the Republic fail to present a list, the list drafted by the National Assembly deputies will suffice. Each justice will be elected by a favorable vote of at least 60 percent of the deputies in the National Assembly.

8) Elect the justices, deputies, and alternates of the Supreme Electoral Council from separate lists presented for each position by the president of the Republic and by the deputies of the National Assembly in consultation with relevant civilian associations. The deadline for presentation of the lists will be 15 days from the moment the National Assembly is convened for their election. Should the president of the Republic fail to present a list,

the list drafted by the National Assembly deputies will suffice. Each justice will be elected by a favorable vote of at least 60 percent of the deputies in the National Assembly.

9) Elect the general superintendent and deputy general superintendent of banks and other financial institutions from lists presented by the president of the Republic. Elect the comptroller general and assistant comptroller general of the Republic from separate lists presented by the president of the Republic and by the deputies of the National Assembly. The deadline for presentation of the lists will be 15 days from the moment the National Assembly is convened for their election. Should the president of the Republic fail to present a list, the list drafted by the National Assembly deputies will suffice. Elect the human rights ombudsman and assistant human rights ombudsman by the National Assembly from lists presented by the deputies in consultation with relevant civilian associations. The candidates proposed must be elected by a favorable vote of at least 60 percent of the National Assembly deputies.

Those candidates nominated for the posts mentioned in points 7, 8, and 9 must not be related to one another or to the president of the Republic and the deputies who nominated them within the fourth degree of sanguinity or the second degree of affinity. In addition, they should not be members of national, departmental, or municipal boards of directors of political parties, and, if they are, they must cease performing all partisan duties upon election. The posts of comptroller general and deputy comptroller general cannot be occupied by those who at the time of appointment are occupying the post of minister, deputy minister, or president or director of autonomous or government institutions and state-owned banks or financial institutions, or by those who occupied these posts six months prior to the new appointment.

The National Assembly, through its Special Commissions, could summon candidates who must be rightfully qualified to occupy the post. Their nomination must be accompanied by the documents requested from them;

10) To be aware of, accept, and make decisions on the permanent absences of deputies before the National Assembly. The following are reasons for permanent absence, consequently leading to the loss of the deputy's seat:

i) Resignation of the post;

ii) Death;

iii) Prison sentences or inability to occupy the post for crimes that warrant prison sentences for a period equal to or longer than the remainder of the deputy's term;

iv) Neglect of parliamentarian duties for 60 consecutive days within a legislative period for reasons not justified by the Board of Directors of the National Assembly;

v) Infringement of Paragraph 3 of Article 130;

vi) Payment of state, regional, or municipal funds for posts or employment in other government branches or state-owned institutions, except in cases when the deputy is a teacher or practices medicine. Should a deputy accept to occupy a position in other government branches, he must rejoin the National Assembly only when he ceases occupying the other post;

vii) Failure to fulfill the obligation of declaring his assets before the Comptroller General's Office at the time of investiture;

11) Be aware of and accept resignations and resolve the dismissals of those officials mentioned in points 7, 8, and 9 for reasons and procedures stipulated by the law;

12) Approve or reject international treaties, agreements, pacts, accords, and contracts in matters of economics, international trade, regional integration, defense and security, increasing the foreign debt or pledging the nation's credit, and regarding the state's legal organization.

These documents must be submitted to the National Assembly within 15 days after their signing. They could only be generally considered and debated and must be approved or rejected within a period of time not exceeding 60 days after submission to the National Assembly. Once this time expires, the document is considered approved for all legal purposes;

13) Approve all matters pertaining to national symbols;

14) Institute national honorable orders and distinctions;

15) Create and grant its own national orders;

16) Receive the president and the vice president in a solemn session to listen to the annual report;

17) Elect its Board of Directors;

18) Create standing, special, and investigation committees;

19) Grant honorary pensions and honors for distinguished service to the fatherland and humanity;

20) Establish the political and administrative division of the national territory;

21) Be aware of and make recommendations on the country's economic and social development policies and programs;

22) Fill permanent vacancies left by the president and vice president whenever they occur simultaneously;

23) Authorize the president's departure from the country if the absence will be longer than 15 days and the departure of the vice president if the president is out of the country;

24) Receive from judicial authorities or directly from citizens complaints lodged against officials who have been granted immunity in order to be apprised of the cases and resolve them;

25) Issue or amend its statute and bylaws;

26) Authorize or reject the departure of troops from the country;

27) Create, approve, amend, or suppress taxes and approve municipal tax plans;

28) Approve, reject, or amend the executive decree declaring the suspension of constitutional rights and guarantees or a state of emergency, as well as their extensions;

29) Receive annually reports from the comptroller general, the human rights ombudsman, and the superintendent of banks and other financial institutions, not precluding other reports that may be required from them;

30) Appoint the human rights ombudsman. The law will regulate his functions;

31) Hold regular and special sessions;

32) Other duties conferred upon it by the Constitution and the law.

Article 140

The following may introduce legislation:

1) Each of the National Assembly deputies, who are also entitled to introduce decrees, resolutions, and legislative declarations.

2) The president of the Republic.

3) The Supreme Court of Justice, the Supreme Electoral Council, the Regional Autonomous Councils, and Municipal Councils on matters within their jurisdiction.

4) Citizens. In this case, no less than 5,000 signatures must support the initiative. Charter, tax, international, amnesty, and pardon laws are exempted.

Article 141

The quorum for National Assembly sessions consists of an absolute majority of the total number of deputies who comprise it.

Bills on laws, decrees, resolutions, agreements, and declarations will require for their approval a favorable vote by the absolute majority of deputies in attendance, except in cases in which the Constitution requires another kind of majority.

Every draft bill must be submitted with its corresponding explanation of purposes to the National Assembly's Secretariat.

All introduced draft bills will be directly forwarded to a commission once they have been read before the plenum of the National Assembly.

If there is an urgent initiative by the president of the Republic, the Board of Directors will be able to immediately submit it to the plenum for discussion if it had been sent to the board 48 hours earlier.

Bills on codes and lengthy laws, at the plenum's discretion, can be debated and approved by chapters.

After receiving the decision of the ruling commission, it will be read at the plenum and submitted for a general discussion; if it is approved, it will be submitted for a detailed discussion.

Once the bill is approved by the National Assembly, it will be sent to the president of the Republic for his approval, enactment, and publication, except in cases that do not require these procedures. Not requiring the executive branch's approval are constitutional reforms and constitutional laws or decrees approved by the National Assembly. If the president of the Republic does not enact or publish the constitutional reform bills or constitutional laws, and if he does not approve, enact, or publish the remaining laws within a deadline of 15 days, the president of the National Assembly will order their publication in any form of written news media, and they will go into effect on that date without affecting their subsequent publication in THE GAZETTE, the official newspaper, which must mention the date of their publication in the news media.

Laws will be regulated when they explicitly establish a need for regulation. The National Assembly's Board of Directors will entrust the regulation of laws to the respective commission for approval at the plenum, if the president of the Republic does not do this within the established deadline.

Laws are abolished or reformed only by other laws and they go into effect on the day of their publication in THE GAZETTE, the official newspaper, except when those same laws establish otherwise.

When the National Assembly approves substantive reforms of laws, it can order that their full text with the reforms included be published in THE GAZETTE, the official newspaper, with the exception of Code reforms.

Bills that are presented in one legislature and not subjected to debate will be considered by the following legislature. Bills that are rejected will not be debated during the same legislature.

Article 142

The president of the Republic can fully or partially veto a draft bill within 15 days following the day on which he receives the bill. If he does not exercise this power and does not approve, enact, and publish the bill, the president of the National Assembly will order the law's publication in the printed national news media.

If the president of the Republic partially vetoes a law, he will be able to make modifications or deletions in the articles of the law.

Article 13. Reform Articles 144, 145, 147, 148, 149, 150, 151, and 152 of Chapter III "Executive Branch," of Title VIII "Of the State's Organization," in the political Constitution, which will read as follows:

Article 144 The Executive Branch is overseen by the president of the Republic, who is chief of state, chief of government, and supreme chief of the Nicaraguan Army.

Article 145

The vice president of the Republic performs the duties outlined for him in the current political Constitution and those delegated to him by the president of the Republic directly or by way of the law.

He also will replace the president in cases of temporary or permanent absence.

Article 147

In no case can candidates who did not obtain a relative majority of at least 45 percent of the valid votes be elected president or vice president of the Republic. If none of the candidates obtain this percentage, there will be a second election among those who came in first and second, and the winner of the larger number of votes will be elected.

To serve as president or vice president of the Republic, the following attributes are necessary:

1) To be a Nicaraguan national.

2) To be in full use of one's civil and political rights.

3) To have reached the age of 25.

4) To have resided or worked continuously in the country during the five years prior to the election, unless one was fulfilling a diplomatic mission or studying abroad.

The following cannot run for president or vice president of the country:

A. Anyone who is or has rightfully served in the Presidency of the Republic anytime during the period when an election for the next term is being held or anyone who has exercised the post for two presidential terms.

B. The vice president or whoever is called to replace him if he exercises his post or that of the president during the 12 months prior to the election for the following period.

C. Relatives within the fourth degree of consanguinity and those who are or have been within the second degree of affinity with the person who serves in the Presidency of the Republic at any time during the period in which the election for the following period takes place.

D. Whoever heads or finances a coup d'etat and whoever disrupts constitutional order and as a result of this action assumes the post of chief of government, minister or deputy minister posts, or posts of authority in other state branches.

E. Ministers of any religion, unless they have renounced their ministry at least 12 months before the election.

F. The president of the National Assembly, state ministers and deputy ministers, magistrates of the Supreme Court of Justice and the Supreme Electoral Council, the comptroller general and the deputy comptroller general, the human rights ombudsman and the deputy ombudsman, and the alderman exercising the post of mayor, unless they resign 12 months before election day.

G. Whoever has renounced Nicaraguan nationality at any time.

Article 148. The elected president and vice president of the Republic will take power at the National Assembly during a solemn session. They will be sworn in before the president of the National Assembly.

The president and the vice president will exercise their functions for a five-year term that begins once they are sworn in on 10 January of the year following the elections. They will enjoy immunity in accordance with the law during that period.

Article 149

The president of the Republic will be able to leave the country without authorization and in exercise of his or her functions for a period of less than 15 days. To be able to leave for a period of more than 15 days but less than 30 days, the president will require authorization from the National Assembly. The vice president will exercise the Presidency in the latter case.

The president may also leave the country, with authorization from the National Assembly, for a period of less than three months as long as he or she bestows on the vice president the authority to serve in the Presidency. If the absence is for more than three months, regardless of the reason, the president forfeits the post, unless the National Assembly decides overriding factors exist and extends the permit for a prudent amount of time.

The president's departure without authorization from the National Assembly for a period of time that requires National Assembly authorization, or for a period longer than the authorized period, will be interpreted as a forfeiture of the post.

Should the president take a temporary absence, the vice president cannot leave the country without authorization from the National Assembly. A departure without this authorization will be interpreted as a forfeiture of the post.

If the president also has to leave the country in exercising his post while the vice president is out of the country, the minister with the highest legal rank will assume the administrative functions of the presidential post.

A president having a pending criminal case punishable with penalties stronger than those corrective in nature cannot leave the country under any circumstances.

The following are temporary absences by the president of the Republic:

1) Absences from national territory for more than 15 days.

2) The declaration by the National Assembly, with the approval of two-thirds of the deputies, of the president's manifest temporary disability or incapacity to exercise his post.

In addition to those established in this article, the following are permanent absences by the president and vice president of the Republic:

A) Death;

B) Resignation, when it is accepted by the National Assembly;

C) Total permanent disability declared by the National Assembly and approved by two-thirds of the deputies.

In the event of the president of the Republic's temporary absence, the vice president will assume his duties.

In the event the president and vice president of the Republic are temporarily and simultaneously disabled or incapacitated, the president of the National Assembly will temporarily act as president of the Republic. While he is acting president of the Republic, the president of the National Assembly will be replaced by the first vice president of the National Assembly.

In the event of the president of the Republic's permanent absence, his term will be completed by the vice president, and the National Assembly will elect a new vice president.

In the event of the vice president of the Republic's permanent absence, the National Assembly will appoint someone to replace him.

If the president and vice president of the Republic were to be permanently absent, the president's duties would be assumed by the president of the National Assembly or whoever is serving as such. The National Assembly must then appoint replacements during the first 72 hours after the positions become vacant. The people thereby appointed will exercise their duties for the rest of the term.

In all of the cases mentioned, the National Assembly will elect replacements from among its members.

Article 150

The following are the duties of the president of the Republic:

1) Fulfill the political Constitution and laws and also to make the employees under him fulfill them.

2) Represent the nation.

3) Exercise the power to draft bills and the power to veto in accordance with the current Constitution.

4) Issue executive decrees pertaining to administrative matters.

5) Draft the Bill on the General Budget of the Republic and submit it to the consideration of the National Assembly for its approval, and to approve and publish it once it is approved.

6) Appoint and dismiss the ministers and deputy ministers, presidents or directors of autonomous and government institutions, chiefs of diplomatic missions, and other officials whose appointments or dismissals are not otherwise stipulated in the Constitution and the laws.

7) Request that the president of the National Assembly convene special sessions during the recess period of the assembly to legislate on urgent matters.

8) Lead the international relations of the Republic. To negotiate, conclude, and sign the treaties, agreements, and other instruments established by Subparagraph 12 of Article 138 of the Political Constitution to be approved by the National Assembly.

9) Decree and implement the Suspension of Rights and Guarantees in the cases contemplated by this Constitution and send the corresponding decree to the National Assembly within a time period no longer than 72 hours for its approval, modification, or veto.

10) Regulate the laws that require regulation within a period of no more than 60 days.

11) Award honorific awards and decorations at the national level.

12) Organize and lead the government.

13) Lead the country's economy, determining social and economic policies and programs. Create a National Council for economic and social planning that can be used as a basis to direct the country's economic and social policies. Business, labor, and community organizations; cooperatives; and any other organizations the president deems appropriate will be represented in the council.

14) Present to the National Assembly the lists of candidates for the election of magistrates of the Supreme Court of Justice, the Supreme Electoral Council, the Comptroller General's Office and the Deputy Comptroller General's Office, and the superintendent and deputy superintendent of banks and other financial institutions.

15) Present to the National Assembly, in person or through the vice president, the annual report and other reports and special messages.

16) Provide the officials of the judicial branch the necessary support so that their decisions come into effect without any delay.

17) Any other attributes conferred on him by this Constitution and the law.

Article 151

The number, organization, and jurisdiction of the state ministries, the autonomous and government institutions, and state banks and other financial institutions of the state will be determined by the law. The ministers and deputy ministers will have immunity.

The decrees and decisions of the president of the Republic should be authorized by the ministers from the pertinent institutions, except for agreements referring to the appointment or removal of ministers or deputy ministers.

The Council of Ministers will be presided over by the president of the Republic, and, in his absence, by the vice president. The vice president of the Republic and the ministers will make up the Council of Ministers. The Constitution will stipulate their functions.

The ministers and deputy ministers and the presidents or directors of the autonomous or government institutions will be individually responsible for the acts they sign or authorize and jointly responsible for those signed or agreed upon with the president of the Republic or with other ministries.

The ministers and deputy ministers and the presidents or directors of autonomous or government institutions will provide the National Assembly with any information requested from them pertaining to matters of their respective institutions, be it in a written or verbal way. They can also be interpellated by resolution of the National Assembly.

Article 152

Nominees for minister, deputy minister, president or director of autonomous and government agencies, and ambassador must meet the following qualifications:

1) Be a Nicaraguan citizen.

2) Enjoy full civil and political rights.

3) Be 25 years of age and over.

The following persons may not be minister, deputy minister, president of director of autonomous and government agencies, and ambassador:

A) Active military personnel.

B) Those holding a second simultaneous appointment with one of the branches of government.

C) Those who have renounced their Nicaraguan citizenship, unless they have regained it at least five years prior to the appointment.

D) Those previously in charge of collecting or managing government funds and whose accounts have not yet been closed.

E) Those who have overdue tax payments.

F) Those included under Paragraph 8, Article 130, herein.

Article 14. Reform Articles 154, 155, and 156 of Chapter IV "General Comptroller's Office" of Title VIII "State Organization" of the Political Constitution to read as follows:

Article 154

The Comptroller General's Office is the agency that governs the public administration and audit control system for the state's assets and resources.

Article 155

The Comptroller General's Office is responsible for the following:

1) Establishment of a preventive control system to ensure proper use of government funds.

2) Successive controls throughout the implementation of the General Budget of the Republic.

3) Control, assessment, and evaluation of administrative and financial action by government agencies financed by the state and public or private enterprises with public capital participation.

Article 156

The Comptroller General's Office is an independent organization, subject only to the law and the Constitution. It will enjoy administrative and operational autonomy. The Comptroller will report to the National Assembly personally once a year regarding the agency's operations or when the Assembly deems necessary.

The Comptroller General's Office must publish the results of any investigations it carries out. When such investigations indicate possible criminal activity, it shall forward such investigations to the justice system. If it fails to do so, it will be considered an accomplice to whatever crimes are identified thereafter as committed by those under investigation.

The comptroller general and the assistant comptroller general will be elected by the National Assembly, in accordance with the provisions of Part 9, Article 138 herein, for a period of six years, during which time they shall enjoy immunity.

Article 15. Reform Articles 159, 161, 162, 163, and 164 of Chapter V "Judicial Branch" of Title VIII "On the Organization of the State" of the Political Constitution to read as follows:

Article 159

The courts constitute a unitary system whose only superior body is the Supreme Court of Justice. The judicial branch will receive no less than 4 percent of the General Budget of the Republic. There will be Courts of Appeals, district judges, and local judges whose organization and operation will be determined by the law. The judicial career is hereby established, and this career will be regulated by the law.

The jurisdictional power to try and issue sentences is an exclusive power of the Judicial Branch. Military courts will only hear cases on faults and crimes committed by military members without affecting instances and appeals before the Supreme Court of Justice.

Article 161

To be a magistrate of the Courts of Justice, the qualifications are:

1) Be a Nicaraguan national not having renounced citizenship, unless such citizenship was recovered in the last five years prior to his election.

2) Be a lawyer of good moral standing, having held the post of judge or served in the legal profession for at least 10 years, or having been a magistrate of the Court of Appeals for five years, when opting for the post of Supreme court justice.

3) Be in full use of one's civil and political rights.

4) Be no less than 35 years old and no more than 75 the day of his election.

5) Not having been suspended in his law profession or in exercising the post of notary through a firm judicial resolution.

6) Not being a member of the military in active service or, if in the military, not having renounced it for at least 12 months prior to being elected for the post. [sentence as published]

Article 162

The period in office for Supreme Court magistrates will be seven years, and five years for magistrates in the Courts of Appeals. They can only be separated from their posts for causes described in the Constitution and the law. The Supreme Court magistrates will be immune.

Article 163

The Supreme court of Justice will be made up of 12 magistrates, elected by the National Assembly.

The Supreme Court of Justice will be made up of chambers that will be formed by no less than three magistrates each: the Civil, Penal, and Administrative Chambers. The organization and conformation of these chambers will be decided by the magistrates among themselves. The full court will hear and pass judgment on constitutionality cases and conflicts over competence and constitutionality among the branches of the state.

The Supreme Court magistrates will be sworn in at the National Assembly, and after they are sworn in, they will elect a president among themselves by a majority of votes for a period of one year, but they can be reelected.

Article 164

The duties of the Supreme Court are:

1) To organize and direct the administration of justice.

2) To hear and settle appeals made before and after execution of judgments, presented against resolutions issued by the courts of justice of the Republic in accordance with the procedures established by the law.

3) To hear and settle amparo cases regarding the violation of the rights established in the Constitution in accordance with the Amparo Law.

4) To hear and settle cases of unconstitutionality.

5) To appoint the magistrates for the Courts of Appeals.

6) To resolve extradition requests for citizens of other countries and deny those for Nicaraguan nationals.

7) To appoint or dismiss judges, coroners, and public registrars of real estate and commercial property throughout the country, in accordance with the Constitution and the law.

8) To grant authorization for the practice of lawyers and notaries, as well as to issue orders to suspend or reinstate them in accordance with the law.

9) To grant authorization for the execution of sentences issued by foreign tribunals.

10) To hear and pass judgment on administrative conflicts among public administration organizations and between these organizations and private individuals.

11) To hear and pass judgment on conflicts among municipalities or between them and agencies of the Central Government.

12) To hear and settle conflicts over competence and constitutionality among the branches of the state.

13) To hear and settle constitutionality conflicts between the central government and municipal governments and the autonomous regions along the Atlantic Coast.

14) To draft its internal regulations and appoint Supreme Court personnel.

15) Other duties granted by the Constitution and the law.

16) Reform Articles 170, 171, 172, and 173 of Chapter VI "Electoral Branch" of Title VIII "On the Organization of the State" of the Political Constitution, to read as follows:

Article 170

The Supreme Electoral Council will consist of five magistrates with their respective alternates, elected by the National Assembly in accordance with provisions contained in Numeral 8 of Article 138.

The president of the Supreme Electoral Council will be chosen by the National Assembly by 60 percent of the deputies' votes and will be in charge of the administration of the institution. The term in office for the president of the Supreme Electoral Council will be the same as the magistrates.

Article 171

To be a magistrate of the Supreme Electoral Council the qualifications are:

1) Be a Nicaraguan national.

2) Be in full use of one's civil and political rights.

3) Be no less than 30 years old and no more than 75 the day of his election.

The following cannot be magistrates of the Supreme Electoral Council:

A) Relatives within the fourth degree of consanguinity or second degree of affinity of candidates for president and vice presidents of the Republic.

If a person was already chosen for the post prior to the presidential elections, he will be considered biased, and, thus, he could not work during the electoral process. His alternate must replace him.

B) Those holding posts of popular election or who are a candidate to such posts.

C) Officials or employees of another state branch who get paid from fiscal, regional, or municipal funds, except for teachers or doctors.

D) Any active military member or one who is no longer in the military but who was not discharged 12 months prior to the elections.

E) Those who gave up Nicaraguan citizenship and failed to recover it at least five years prior to the elections.

Article 172

The Supreme Electoral Council magistrates will serve for five years beginning the day in which they were sworn. They will be immune during this period.

Article 173

The Supreme Electoral Council has the following duties:

1) To organize and direct elections, plebiscites, or referendums convoked in accordance with that which is established in the Constitution and the law.

2) To appoint the members of the other electoral organizations in accordance with the Electoral Law.

3) To draft the electoral calendar.

4) To enforce constitutional and legal provisions that concern the electoral process.

5) To be informed of and decide on resolutions issued by subordinate electoral organizations and claims and challenges presented by the political parties.

6) To issue, in accordance with the law on this matter, pertinent measures so the electoral processes will be held with full guarantees.

7) To demand from the respective organizations the security conditions needed by the political parties participating in the elections.

8) To count the votes cast in the elections, plebiscites, or referendums and issue the final declaration on the results.

9) To issue its own regulations.

10) To organize the Central Registry of the Civil Status of Persons, the citizen's voter identification card system, and the voters list.

11) To grant legal status as political parties to groups that fulfill the requirements established in the law.

12) To cancel and suspend the legal status of political parties that do not get at least one deputy elected in the general elections and in other cases regulated by the law on this matter.

13) To oversee and settle conflicts on the legitimacy of representatives and leaders of political parties and the compliance with legal provisions concerning political parties, their statues, and regulations.

14) Other duties established in the Constitution and the law. There will be no appeals before or after the execution of judgments on resolutions issued by the Supreme Electoral Council on electoral matters.

Article 17. Reform Articles 175, 176, 177 and 178 of Chapter 1 "Municipalities," Title IX "Political and Administrative Division," of the Political Constitution to read as follows:

Article 175

The national territory will be divided into departments, autonomous Atlantic Coast regions, and municipalities for its administration. The law governing this matter will determine creation, extension, quantity, organization, structure, and operation of the various territorial circumscriptions.

Article 176

The municipality is the basic administrative political division of the country.

Article 177

Municipalities will enjoy political, administrative, and financial autonomy. The municipal authorities will be responsible for the administration and government of the municipality.

Said autonomy does not exempt or inhibit the executive branch or any other branch of government from its obligation and responsibility toward the municipalities. The obligation to allocate a sufficient percentage of the General Budget to the municipalities is hereby established. Said percentage will he distributed on a priority basis to those municipalities with the lowest income capability. Percentage and distribution will be determined by law.

The autonomy will be regulated in accordance with the Municipality Law, whose modification will require an absolute vote of National Assembly deputies.

Municipal governments will have competence in everything pertaining to the socioeconomic development of their circumscription. The state will request and take into account the opinion of the municipal government before authorizing any contract for the rational exploitation of the natural resources located within a given municipality.

The Municipality Law must include, among other matters, the scope of municipal competence; the municipality's relationship with the central government, with the Indian population across the country, and with the powers of state; and inter-organizational coordination.

Article 178

The mayor, deputy mayor, and municipal council members will be elected by the people by universal, equal, direct, free, and secret vote, in accordance with the law. Candidates receiving a simple majority vote will be elected mayor and deputy mayor. Council members will be elected by proportional representation, based on electoral ratio. The mayor and deputy mayor may only be reelected for one term. Reelection of the mayor and deputy mayor may not be for an immediately subsequent term.

To be mayor, candidates must meet the following qualifications:

1) Be a Nicaraguan citizen.

2) Enjoy full civil and political rights.

3) 21 years of age or older.

4) Have resided or worked in the country continuously for two years preceding the election, except those on diplomatic mission or studying abroad. In addition, candidates must have been born in the municipality in which they wish to be elected or have lived there for at least two years preceding the election. The term of office for municipal authorities shall be four years, as of taking their oath of office before the Supreme Electoral Council.

5) Ministers and vice ministers of state may not be nominated as candidates for mayor unless they resign from their post 12 months prior to the election.

The aldermen, mayor, and deputy mayor may be removed from their positions for the following reasons:

A) Resignation from the post.

B) Death.

C) A firm sentence to be imprisoned or disqualified from exercising the post for a crime that calls for a sentence that is as long or longer than the remainder of their period.

D) Neglect of their functions for 60 continuous days.

E) Infringement of the stipulations contained in the third paragraph of Constitutional Article 130.

F) Noncompliance with the obligation of declaring their assets before the Comptroller General's Office at the moment they take office.

G) Being declared guilty of mishandling the funds of the mayor's office, according to a resolution by the Comptroller General's Office.

In the cases described in sub-subparagraphs d) and e), the corresponding municipal council should approve a resolution declaring that the mayor or alderman is responsible for the circumstances leading to his removal from the post.

Such a resolution or the public or authentic documents accrediting the circumstances established in the other numerals should be sent to the Supreme Electoral Council, along with the name of the substitute who will be the deputy mayor if the mayor is being replaced, or any of the elected aldermen if the deputy mayor is being replaced, or a request to declare a full-fledged alderman in the case of aldermen.

The Supreme Electoral Council will proceed, in a time limit not less than 15 days, with the process to swear in new officials and give possession of the post.

The limitations for the aldermen to work in the municipal administration, as well as the system of per diem allowances, will be regulated by the law.

18. Reform Article 181 in Chapter II "Communities of the Atlantic Coast," Title IX "Political-Administrative Division" of the Political Constitution, to read as follows:

Article 181

The state will organize by law the system of autonomy for the Indian peoples and ethnic communities of the Atlantic Coast. Such a law should contain, among other guidelines: the attributions of the government branches, their relationship to the executive and legislative branches and with the municipalities and the exercise of their rights. The majority determined for the reform of constitutional laws will be required to approve and reform such a law.

The corresponding autonomous regional council should approve the concessions and contracts for the rational exploitation of the natural resources granted by the state in the Autonomous Regions of the Atlantic Coast.

The members of the autonomous regional councils of the Atlantic Coast could be removed from their posts for the reasons and by the procedure stipulated by law.

Article 19. Reform Article 185 of Chapter I "Political Constitution," Title X "The Constitution, its Supremacy, its Amendment, and Constitutional Laws," of the Political Constitution to read as follows:

Article 185

The president of the Republic, convened in a council of ministers, may order the suspension of constitutional rights and guarantees for a specific period of time which may be extended, to cover part or all of the national territory, whenever the security of the nation or economic conditions so demand, or in case of a national disaster. The emergency will indicate the modality.

Article 20

The following final and transitory provisions are hereby established for these partial reforms to the political constitution:

i) The phrase representatives before the National Assembly shall read deputies of the National Assembly in all those articles of the Political Constitution in which it appears.

ii) All decrees and basic laws governing ministries of state, autonomous, and governmental agencies, not contrary to this Constitution, shall remain in force. The president of the Republic must forward to the National Assembly the basic law governing the organization, competence, and procedures of the executive branch within 90 days of the proclamation of these partial Constitutional reforms. Once said law has been approved, the president of the Republic shall certify the appointment of his or her government's officials in accordance with this Constitution.

Tax legislation will remain in effect with the reforms as established herein.

iii) State officials as well as officials of institutions ruled by the Constitution who hold office for a specific period will complete their period. Magistrates of the Supreme Court of Justice and of the Supreme Electoral Council who are now in possession of their posts will complete the period for which they were elected. Magistrates of the Appeal Courts will remain in their posts for a one-year period that begins with the publication of the current reform. They can be reelected. All other officials of the judicial branch or the Electoral Council will remain in their posts. Laws governing this matter will determine their cessation.

The National Assembly will elect the persons that will fill magistrate vacancies in the Supreme Court of Justice within a maximum of 45 days after this Reform goes into effect and in line with the procedures established here.

The superintendent of banks and the deputy superintendent of banks and other financial institutions of the state will continue exercising their posts until the end of the period for which they were designated.

To execute the attributions established in Article 173, numerals 11, 12, and 13, the Supreme Electoral Council whenever pertinent will proceed in line with what is established in the Electoral Law.

iv) The members of the municipal councils elected on 25 February 1990, once their terms expire, will continue to exercise administrative functions of municipal governments provisionally until the inauguration of the new authorities who will replace them, which will take place between 15 and 31 January 1997 in accordance with the schedule prepared by the Supreme Electoral Council.

v) So long as the Autonomy Law referred to in Article 181 of this Constitution is not promulgated, Law No. 28, Statute of Autonomy of the Atlantic Coast of Nicaragua Regions, will remain in force, provided it does not conflict with the Political Constitution.

vi) The text of the Political Constitution must incorporate these reforms.

Article 21. This partial reform of the Political Constitution is effective upon its publication by any print media, notwithstanding its ensuing publication in LA GACETA, the official daily, which should mention the date of publication in the media source in which it was published.

Given under my hand in the City of Managua, at the Conference Room of the National Assembly, on 1 February 1995.

[Signed] LUIS HUMBERTO GUZMAN, National Assembly president; JULIA MENA RIVERA, National Assembly secretary.

Given the president's nonfulfillment of the obligation expressed in Article 194 of the Political Constitution of promulgating this Law No. 192 of Partial Reforms to the Political Constitution of the Republic of Nicaragua, in accordance with the provisions of Articles 142 and 192 Cn. and Law No. 186 dated 16 November 1994, in my capacity as National Assembly president, I order its publication. Therefore: Be it published for its entry into force. Managua, 23 February 1995.

[Signed] LUIS HUMBERTO GUZMAN, National Assembly president

Panama

Interoceanic Region Authority President Praises New ARI Law

PA0803140495 Panama City Circuito RPC Radio and Television Network in Spanish 2214 GMT 7 Mar 95

[Speech by Carlos A. Mendoza, president of Panama's Interoceanic Region Authority, at the ceremony during which President Perez Balladares approved the reforms made to the ARI Law at the Palace of the Herons in Panama City—live relay]

[FBIS Translated Text] Mr. President of the Republic; Mr. Second Vice President of the Republic; friend and president of the Legislative Assembly; messrs. state ministers; friends:

I wrote a column a few months ago, when I was still naively working in journalism, analyzing the results [10-second break in transmission] I accentuated two things at the time; first, the seriousness with which those elections were held and second, the fact I had not backed Ernesto Perez Balladares's candidacy. I stated then, however, that Perez Balladares was my president the moment the Panamanian electorate pronounced itself in his favor. He has been my president since 1 September 1994 and will continue to be my president.

I later accepted President Perez Balladares' offer to be his personal representative at the Interoceanic Region Authority [ARI] and to help make the necessary reforms to the ARI basic law. I have not regretted this decision for a single moment. I made this decision fully aware and conscious of what I was doing, the narrow-mindedness of certain public figures, and the shortcomings of several media sources that have little impact on public opinion.

Today is a day of deep satisfaction for me personally. More than personally, I am quite satisfied as a Panamanian citizen, because the ARI is now able to comply fully with its mission. On the ARI's behalf, I thank a group of directors—I especially want to mention Jorge Rodriguez and young Danny Kuzniecky, who disinterestedly accompanied me during many long hours of work since last November—for their support. Our task would have undoubtedly been impossible without: the lucidity of Adolfo Ahumada; a Canal Affairs Commission headed by Abel Rodriguez, a good, discreet man who also has a lucid mind; a lawyer such as Oyden Ortega, who has such fine talents; and especially and above all—the reason why I called her a friend—Legislator Balbina Herrera, who heads the Legislative Assembly.

The new law—we can say this with pride today—is good, and we can say it aggressively. It is good, because it: deals with serious problems, such as the cleaning of camps and bases to be reverted to Panama; widens the horizon for tenants who want to become proprietors of reverted estates; allows our main public university as well as our first institution of higher education in the private sector to participate in the Board of Directors; and workers, businessmen, and specialists represented by [word indistinct] will also be represented in the ARI, as is necessary in current times and at the start-up of the 21st century. We will also have a first-class administrator who will be able to work harmoniously with the Board of Directors and, especially, the head of government, our president, Dr. Ernesto Perez Balladares.

The ARI is initiating a new phase. Let it be judged not by prejudice and preconceived ideas but, rather, by what it does, be it good or bad, from this moment on. Thank you.

President: Reforms Perfect Original ARI Law

PA0803000995 Panama City Radio and Television Networks in Spanish 2223 GMT 7 Mar 95

[Speech by President Ernesto Perez Balladares at the presidency of the Republic in Panama City—live relay]

[FBIS Translated Text] Your Excellency Second Vice President of the Republic, Honorable Legislator President of the Legislative Assembly, your excellencies Messrs. ministers of state, Honorable President of the Interoceanic Region Authority [ARI] Board of Directors, Messrs. members of the ARI Board of Directors and Transition Commission, honorable legislators, special guests, ladies and gentlemen:

The law that we just passed contains a series of reforms to Law No. 5 of 25 February 1993, which created the ARI. It complements and perfects the original law, in this case, with rules and procedures dictated by experience for the purpose of making the ARI's performance more efficient, dynamic, and flexible.

The executive branch's presentation of the reforms to the ARI and their subsequent approval by the honorable Legislative Assembly, prompted a variety of reactions among various sectors of the Panamanian community, some of them formulated with constructive resolve and intent. Other criticisms were not as legitimate but, at any rate, the reform bill was subjected to a broad process of consultations and debates, in keeping with our democratic system and our government practices, which are based on dialogue and communication with the Panamanian general public.

The reforms we have just passed are aimed at adjusting the ARI's duties to the basic goal of administering the reverted properties so that these properties can contribute to national development. This is an effort that should be coordinated with other state institutions and the private sector.

Unfortunately, the original law created a body that was disconnected from the rest of the Panamanian state and which, therefore, was estranged from the state's mechanisms of communication, coordination, and leadership. The approved reforms will ensure the ARI's real and effective integration with the administration, through the adoption of specific connections and mechanisms that will force the national government to clearly assume responsibility before the country, given the considerable importance the Panamanian people have quite justifiably attached to the reverted properties.

The new arrangements established by the law promote active and dynamic public service, which is consistent with the nature of an institution that will have to adopt prompt and efficient administrative decisions. In short, the reforms to the ARI law preserve the institution's autonomy and independence, thereby guaranteeing an efficient administration that will be adequately integrated with the rest of the Panamanian state's institutional structure. This will definitely enhance the ARI's performance of its duties and an improved utilization of the reverted properties.

In other words, the law I have passed, makes the ARI an institution that is administratively more flexible, consistent with the national policy of social and economic development, and increasingly consistent with the goal of turning the reverted properties into productive instruments that will foster wealth and work. In practice, this process will allow Panama's entire society to share in the enjoyment of benefits which the rational utilization of those properties should afford all Panamanians. Thank you all. [applause]

ARI Members, Administrator Chen Barria Resign

PA0803202195 Panama City Telemetro Television Network in Spanish 1730 GMT 8 Mar 95

[Report by Axel Rivera from the "Telemetro Reports" newscast]

[FBIS Translated Text] Members of the Interoceanic Region Authority [ARI] directorate resigned today. The decision was made after the signing of the law containing reforms the Legislative Assembly approved recently.

As he announced days ago, ARI Administrator Jose Chen Barria resigned today and urged ARI directorate members to appoint a successor so he can leave his post as soon as possible:

[Begin Chen Barria recording] The law modifying the ARI includes an article on retroactivity, and thus my appointment by the current directorate is virtually null. Second, the law itself establishes the mechanism to chose the new ARI administrator. In view of this, I also made public my opposition to the modifications to the law and announced to the Panamanian community I would resign as soon as this law was signed. As a man of my word, I presented my resignation to the directorate members early today, because the president signed the law at 1700 yesterday. [end recording]

Asked about the attitude of Directorate President Carlos Mendoza, he said:

[Begin recording] [Chen Barria] He had a task to do, and he did it. I had a position from the very beginning. Such is life.

[Unidentified reporter] What was his task?

[Chen Barria] To modify the law. [end recording]

In his letter to the ARI directorates, Chen Barria states: I tender my formal resignation as ARI general administrator, because the modifications were signed and published and are now law of the Republic. This resignation is effective immediately.

As soon as a new administrator is appointed, Chen Barria will present a report summarizing his tenure at this institution.

Administrator Fears Losing Autonomy

PA0903022395 Panama City Circuito RPC Television in Spanish 2300 GMT 8 Mar 95

[Report by Luis Alberto Jimenez from the "RPC Television News" newscast]

[FBIS Translated Text] As planned, ARI [Interoceanic Region Authority] Administrator Jose Chen Barria has resigned following the president's approval of the ARI modifications.

[Begin Chen Barria recording] The Panamanian people must know that the law is retroactive, which means the ARI administrator's appointment is virtually ineffectual under the new law. [end recording]

Carlos Valencia also resigned from the board, saying that with the approval of the law, ARI has lost its freedom to make decisions concerning the reverted areas.

[Begin Valencia recording] The changes primarily are designed to eliminate ARI's limited autonomy and to place the organization under the direct command of the president of the Republic—the executive. In my opinion, this creates a serious threat of partisan politics infiltrating the administration of the reverted properties. [end recording]

Valencia, alluding to the new law's political fallout, says it will send a message to the world regarding the manner in which the Canal will be administered.

Meanwhile, Carlos Mendoza, president of ARI's Board of Directors, explained that necessary steps will be adopted until new officials are appointed.

[Begin Mendoza recording] A very small group from the Board of Directors will be appointed to administer ARI until a new general administrator is selected by the president of the Republic from a list of three candidates the Board of Directors will present to him. [end recording]

There is also talk of Rafael Arosemena's possible resignation, while other ARI board members are holding meetings to discuss the decisions that must be made.

ARI Administrator on Pollutants at Sites To Be Reverted

PA0803163395 Panama City EL PANAMA AMERICA in Spanish 7 Mar 95 p A-2

[FBIS Translated Text] Jose Chen Barria, administrator of the Interoceanic Region Authority (ARI), has said there is a significant amount of live ammunition, toxic waste, fuel, and other pollutants at the sites that are to be reverted to Panama in the coming years.

According to the Canal Treaties, the U.S. Army must clean up those pollutants. This organization has to finance the entire cleanup operation, which will cost hundreds of millions of dollars.

Chen Barria has said the explosives and live ammunition can be found primarily in the areas of Pina, Empire Range, and other specific areas located at U.S. Army bases in Panama.

He has said all this war materiel is a surplus from the training given to U.S. soldiers who live at those bases.

The United States had to invest millions of dollars to clean a military base in California. Thus, it is supposed the cleaning of the Panamanian sites will require a larger investment, because these kinds of military installations have been in operation for decades.

According to the official, the Foreign Ministry has to coordinate the compliance of the clauses established in the treaties, but, he has said, the ARI has already made its first contacts in this regard.

The government must be vigilant to get the United States to comply with this disposition and to make the necessary cleanup operation, which will avoid any threat to the lives of those who will make use of those areas in a not too distant future.

Chen Barria believes the country has the time to further the necessary actions to get the areas cleaned up and avoid a loss of lives due to the pollutants at those sites.

President on Impact of Laws To Modernize Economic System

PA0803163695 Panama City LA ESTRELLA DE PANAMA in Spanish 7 Mar 95 p B-7

[FBIS Translated Text] David, Chiriqui—President Ernesto Perez Balladares has met with the Chiriqui Province Technical Board to explain the scope and impact of the laws promoted by the current administration to modernize the country's economic system.

During the session, which was held at the National Lottery Office in David, Perez Balladares said the changes the government has introduced will not hurt anyone; on the contrary, he has said, they will make progress reach the majority of the people.

Regarding the economic opening, Perez Balladares has said the government is seeking with this measure to make the Panamanian market more competitive, a point which will increase investments, exports, and create more jobs in turn.

Regarding the Generalization of Fiscal Incentives Bill, Perez Balladares has said the government's objective is to eliminate incentives to large consortiums so smaller enterprises can compete under equal conditions.

The incentives favoring large enterprises cost the Panamanian society approximately $150 million, while 65 percent of the industries having less than five employees have no incentives, Perez Balladares has said.

On incentives for the construction industry, Perez Balladares has said the goals of this sector have been achieved, adding the current administration is now trying to "create incentives" to promote investments in the construction of houses for the middle class.

The president has said the proposed 1.5-percent tax to be applied to enterprises operating in the Colon Free Zone seeks to establish an equitable proportion between the profits obtained by those consortiums and the taxes they pay to the state.

President Perez Balladares has also said the government is not trying to hurt the workers by changing the Labor Code but, rather, to eliminate factors causing conflicts between employees and employers.

Argentina

Cavallo Talks to Congress About 'Critical Economic Period'

PY0903041795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0237 GMT 9 Mar 95

[FBIS Translated Text] Buenos Aires, 8 Mar (NA)—Economy Minister Domingo Cavallo admitted tonight, during interpellation in the Chamber of Deputies, that Argentina is going through "a critical economic period." He added that "if proper corrective measures are not found, the country will fall into a deep pit from which it will be difficult to extricate itself."

Cavallo attributed the economic difficulties to repercussions of the international economic crisis, particularly the Mexican one.

He admitted: "It is true that this situation found us weak because we were not fast enough in taking measures to stimulate domestic savings and were surprised by the transfer of money abroad."

In this regard, he said "this is serious because it means that there is lack of confidence in Argentina. As members of the government, we assume responsibility for that because we have not been clear or convincing in confirming that deposits will not be frozen and that the rights the financial organizations grant each savings account holder will not be altered."

In his initial exposition, Cavallo emphasized that "these problems have not affected the real economy, which has been operating very well." He also pointed out that exports have increased, as well as the level of employment, and that there are possibilities of harvesting a record crop and of seeing international prices for Argentine products recover.

The economy minister emphasized that congressional approval of several laws sent to it by the executive branch will bestow "international confidence on Argentina and help in reducing unemployment."

Cavallo revealed that the IMF has granted Argentina two loans totaling $400 million and confirmed that convertibility "will not be modified a bit."

He pointed out that the Central Bank reserves total 13,669 million pesos. He asserted that "not a single bit of these reserves will be used because they support the monetary base and represent our compromise with the people who are the real owners of these reserves."

The economy minister also referred to pending financial commitments, such as the payment of 5.2 million pesos in interest on the foreign debt, which become due this year. He said payment of these commitments is an attempt to "reinsure the country's fiscal solvency."

He said that "reality is serious, but there are solutions that call for swift and executive-like decisions because if the government does not obtain support for the adopted measures, the situation will clearly become more serious."

He urged Congress to approve several initiatives, and asserted that "solution of the crisis depends on the capacity of all Argentine democratic institutions."

"Congress has the obligation to grant the executive branch all the tools that may help the government avoid disaster and consolidate what it has achieved thus far," Cavallo pointed out.

Implications of Agreement With IMF Viewed

PY0903030095 Buenos Aires LA NACION in Spanish 8 Mar 95 p 6

[Editorial: "A New Agreement With the IMF"]

[FBIS Translated Text] In the midst of the serious turbulence the international monetary system is experiencing, the agreement on the resumption of operations with the IMF, which will enable our country to obtain $420 million in financing in the course of the next month—financing which Argentina decided to forego at the end of 1994—does not seem to have been enough to reestablish confidence in the country's economy and currency, which were gravely wounded following the devaluation of the Mexican peso last December.

It is public knowledge that the so-called Tequila Effect—which had a generalized adverse effect on all Latin American economies and financial markets—worsened a perceptible mistrust with regard to the fiscal position, which, defying the adjustment measures adopted by the economic team on several occasions to curb spending, continued to tend toward a deficit. Moreover, the Mexican crisis gave rise to fears about a possible discontinuity in the present monetary policy and about the soundness of the banking system, which were reflected in a considerable redistribution of deposits among banking establishments and a significant flight of capital.

The lack of a foreign audit having an acknowledged authority that endorsed the government's decisions in matters pertaining to fiscal and monetary policy prevented the reestablishment of Argentina's ailing credibility. This was so until the economy minister announced that the country would resume borrowing from the IMF, which paved the way for the disbursement of new loans amounting to more than $1 billion by international organizations and also opened the door to obtaining additional funds from the IMF and commercial banks to meet foreign debt obligations. Nevertheless, the first positive effects this announcement produced on financial markets and the stock exchange were soon neutralized and surpassed by renewed apprehension arising from the climate of great uncertainty prevalent in the leading financial markets and, in particular, from apprehension concerning devaluation of the Brazilian real. This just served to fan the flames of mistrust, which is globally affecting the credibility of Latin American economies.

Even though the financing obtained may offset the outflow of capital registered during the summer and perhaps also be instrumental in keeping the funds placed in the domestic market and in fostering—together with interest rates that are comparably high—the repatriation of capital leaving the country, it all leads one to conclude that the period 1991-93, when the Argentine economy attracted the capital that had fled the country and received significant inflows of foreign capital, will not come back quite easily.

The importance of this change should not be underestimated. During the above-mentioned years, Argentina virtually lived on credit. The inflow and return of capital financed high levels of domestic consumption and a remarkable boost in investments, including an unprecedented level of imports and expenditures abroad. Argentines expected to pay well for the credit they obtained and this lured those willing to assume a certain degree of risk, especially if one bears in mind that in a recessive international economy, interest rates on savings in industrial countries were very low, a fact that endowed emerging markets with a special attraction.

It is about time Argentina eased up on the use of credit now and began to buttress its economy with domestic savings, thus, avoiding the incurring of exaggerated debts, the cost of which is quite dear. Granted, maintaining a high rate of investment that will make it possible not only to surpass the low levels recorded in 1987-90—something which occurred as of 1991—but also to once again match historic records and start a new phase of accumulation of investments, as was the case with the successive miracles of growth recorded over the last few decades, requires a sustained flow of capital, but an austere economy should be able to generate the necessary domestic savings to assume a leading role in this process.

Companies and individuals seem, from a macroeconomic point of view, to have been pushed to the limit as regards their borrowing capacity. They should, therefore, make their actions conform to these parameters of thrift, but it falls to the state to set a good example in the first place. Despite the progress made in downsizing of the state, there is much to be done as regards a veritable rationalization that puts an end to the persistent creation of political posts and tasks, particularly in the provinces and town halls, and delegate activities, which, for the mere fact of being in the hands of the state, become politicized and inefficient. The state ought to ensure the regular servicing of the public debt without bothering capital markets.

If the new agreement with the IMF makes it possible to restore—without any euphoria—confidence in the Argentine economy and its currency, as is expected despite the shock waves throughout the international exchange markets, it will be possible to once again have a healthy balance of payments position, eliminate marked oscillations shifting from capital flight to repatriation of capital, and maintain a flow of financial resources commensurate with the requirements of gross investments, including direct foreign investments, which at first sight may not have been affected by the problems occurring over the last few months.

The reestablishment of confidence should also result in the channeling of funds into the banking system, which ought to undergo a thorough overhaul, too. This, coupled with cautious behavior on the part of companies and consumers with regard to the use—and cost—of credit, would be enough to restore domestic financing to conditions that accord with an economy having stable prices and a reasonable growth rate.

The IMF support is crucial for recapturing the climate of confidence that the Argentine economy, like any other, needs to perform satisfactorily, particularly in the light of the unstable international situation, which generates massive movements of resources in globalized markets. Although the essential thing continues to be, as usual, what Argentine companies and individuals and—above all—the state decide and do, an audit that certifies the quality of policies implemented and compliance with the agreed upon fiscal and monetary targets will establish the appropriate framework for bringing some order to the private sector.

Talks With International Banks To Secure Funds Viewed

PY0803200995 Buenos Aires CLARIN in Spanish 7 Mar 95 p 2

[FBIS Translated Text] The government is conducting all kinds of negotiations to secure financial support. It is negotiating with the world's leading central banks and seeking special short-term assistance from private banks. The effort to secure funds seeks to meet three urgent requirements: The Economy Ministry needs funds to pay public debt installments due this quarter, to support the banking security network, and to prevent the commitments contracted by private companies from suffering the domino effect.

Last week Central Bank President Roque Fernandez was negotiating with the Federal Reserve Bank of New York, the Bundesbank (of Germany), the Bank of England, and the Basel Bank to keep open the credit lines for advanced export financing and other financial lines. The Central Bank president also asked them not to withdraw any more deposits from our country.

Fernandez began the negotiations with private U.S. banks. He wants a group of banks to provide a $2-billion bridge loan to reinforce the convertibility plan's figures and thus dispel the specter of a "default" (a failure to pay public debts). These efforts have yet to achieve the expected results so far. Fernandez returned empty-handed last weekend saying that the Morgan Bank and the First Boston Bank, which would head the mentioned group, would take a few days to find out which banks would be interested in participating. The result should become known before this weekend.

With this information under his arm, Minister Cavallo appeared before the public yesterday and announced that the government will receive fresh dollars from various sources. He said we will receive up to $3.4 billion from international banks as an advance on income on privatizations.

Cavallo again reported that the World Bank would approve a $500-million loan that might be used to provide credits to those companies that have to make payments on negotiable obligations that fall due this year. This mechanism, which will be reviewed by the World Bank board of directors in mid-March, seeks to prevent a domino effect on the companies that have to pay credits in foreign currencies.

If this facility is approved, another $500-million Inter-American Development Bank loan and a $300-million Eximbank of Japan loan would be available. Cavallo said he could secure another $2 billion loan from the IMF if required.

Stock Exchange President on 'Psychological' Market Effect

PY0803135595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2255 GMT 7 Mar 95

[FBIS Translated Text] Julio Macchi, the Buenos Aires Stock Exchange president, said today that the ups and downs being experienced by the market are due to "a highly psychological component that prompts irrational actions."

Describing as unreasonable the 7.67-percent drop experienced today by the Merval index, Macchi emphasized that the real data on the Argentine economy "should yield other indexes in the stock exchange."

Macchi admitted: "There has been a lack of confidence on the part of foreign investors after the Mexican episode. They also fear that past economic mistakes will be made again."

Macchi emphasized: "In no way will past mistakes be made again." He supported his claim in noting our country's "positive" macroeconomic data.

In Macchi's opinion, the economic team has "quickly and courageously" faced the current economic problems. He trusts that the markets will experience a sustained rally in the short term.

Stock Exchange Secretary Luis Corsiglia explained today's decline in noting the overall sharp fall in all the international markets, especially the Latin American markets.

Corsiglia also emphasized the real economy's firm figures, but admitted that the brokers "are looking at a troubled period."

In this regard Corsiglia said the financial market's critical situation makes many investors "repatriate" their funds and wait for a less troubled situation.

Corsiglia noted: "The investors have confidence in the long term, but we have to correct the short-term situation. We have to prove our ability to recuperate."

Entre Rios Government Implements 'Drastic' Savings Measures

PY0803135695 Buenos Aires TELAM in Spanish 0024 GMT 8 Mar 95

[FBIS Translated Text] Parana, 7 Mar (TELAM)—Entre Rios Economy Minister Maximiano Asensio today announced that the Entre Rios government had today implemented drastic savings measures in order to be able to continue to pay salaries to provincial public servants.

After a provincial cabinet meeting, Asensio announced that unnecessary public works loans would be trimmed and that some exaggerated funds in the transfers appropriation, including subsidies to various organizations, would be limited.

The Entre Rios economy minister reported that the direct subsidies for social action, such as those earmarked for school meals, elderly people, and unmarried mothers, will be maintained, while those for political parties will be suppressed and the allowances for public administration will be restricted.

Travel by government officials abroad, except to Brazil, Uruguay, and Paraguay, Argentina's Mercosur [Common Market of the South] partners, will also be suspended.

Asensio added that it is possible that the salaries of government officials will be reduced by the same percentages implemented by the Federal Government. He noted that the salaries of public servants would not be reduced.

Asensio indicated that an effort will be made to achieve the 1992 spending levels, involving 30 million pesos in savings in the appropriation for nonpersonal goods and services.

An effort will also be made to achieve an 8 percent savings, as compared with 1994 spending levels, in the transfers (subsidies) and public works appropriations.

The measures will be implemented this week as they include appropriations in which these savings may be immediately implemented, such as advertising, interurban telephone calls, and allowances.

Article Analyzes Indebtedness of National Companies, Banks

PY0803163495 Buenos Aires CLARIN in Spanish 6 Mar 95 p 19

[Article by Omar Baez]

[FBIS Translated Text] Nearly 30 percent of the nearly $5 billion issued in negotiable company bonds and "commercial papers" comes due during 1995. Companies will have to cancel debts amounting to $1.445 million before the end of the year, an amount that will be very difficult to obtain under the current local and international market conditions.

Three banks took advantage of past surplus money in international markets, and issued payment obligations worth $530 million that fall due this year. Now that the conditions have changed, it is clear that the tequila effect made no distinctions, and will punish large and small companies alike. The three institutions in question—the Galicia, Rio, and Credit Banks—restricted their credit policies as much as possible and decided to accumulate the funds needed to cancel their obligations and possibly face a run on their deposits.

The first institution to pass the test after the Mexican episode was the Credit Bank. In January, Fernando Santibanez had a hard time trying to repay the $50 million in obligations that had fallen due the previous month. He has now restructured the bank's internal front to take care of, without too many problems, the $20 million in obligations that fall due in March and the $101 million that fall due in October. Santibanez practically dismantled the capital market office, and reinforced the recovery of credit. Rio Bank will have to disburse $110 million this month, but managers stressed that they already have the money. The Bank of Galicia refused to comment on the $230 million it will have to pay this year.

Despite all these inconveniences, one of these three banks is getting ready "to hit the jackpot." In the next few days it will try to sell titles worth more than $100 million on the international market.

Among industries, Alpargatas is the company with the heaviest obligations. Company debts amount to $105 million, although $52 million of that total has already been renegotiated. This debt is in the form of an ON [On Lending Credit Program] but in fact it is a Bank Santander loan that is periodically renewed, and despite the crisis, managers stress, nothing will be different. With respect to the remaining $53 million, it is said that company President Patricio Zavalia Lagos is sitting on it. He pocketed over $20 million in December, when Greenwood Mills purchased 20 percent of Tejidos Argentinos (owned by the holding Alpargatas). This fund and other deals made during the year have apparently given Zavalia an amount close to the $53 million the company needs this year.

In any case, a company cannot move easily in the world of business when it plans to renew credits worth $100 million, then suddenly changes plans and has to cancel at least half the amount. The consequences are felt in the chain of payments.

The two telephone companies also sold obligations that fall due this year. But with $2 billion in business each, and nearly $400 million in profits, the $60 million that Telefonica owes and the $59 million owed by Telecom can be cancelled with the companies' petty cash.

Another company with strong obligations this year is Acindar, a company that has already had a sip of the bitter taste of "tequila." The company had $50 million in debts falling due in January, and mounted a refinancing project with the AMB AMRO Bank, but this bank withdrew from the refinancing project. Acindar had to resort to its own resources because of the urgency of the repayment schedule, and used a National Bank exports prefinancing credit for the purpose. It solved the problem this time, but the situation will be different on the next expiration dates. Notes worth $9 million fall due in May, $31 million in October, and $9 million in November. Acindar President Eduardo Acevedo has started negotiating with JP Morgan to refinance its ON, but they know that for the time being all negotiations are useless. They have 10 months of "tequila effect" until the payment date, and a national election in between. They know that any early agreement on refinancing is merely an intellectual exercise. They are only talking, for the time being, nothing else.

The first company to strike at the market was Zanella. The company could not pay a $10 million obligation that fell due two weeks ago. Zanella was negotiating with the Extrader Bank, but the bank was liquidated and its chances of refinancing its obligation or meeting the deadline ended with that closure. It was the first company to fail in its payment agreements. It was followed by the unexpected case of Alto Parana.

Behind these companies there is a long line of other companies that will have to face fierce competition to get money that does not exist without interest rates that could later become a real burden. The little money available is loaned at very expensive rates, only to first line companies, and for periods that almost never extend beyond 40 days. The amount that has to "appear" during 1995 adds up to $1.474 billion. And today, as almost always, money is the most scarce commodity in Argentina.

'Safety Net' for Small, Medium Savers Considered

95SM0212A Buenos Aires (Internet) Argentina Gopher in Spanish 8 Feb 95

[Article by Claudio M. Chiaruttini: "Safety Net for Savers To Be Created"]

[FBIS Translated Text] The directors of the Central Bank are looking into the possibility of creating a safety net, given the instability at a score of financial institutions. The purpose of this fund would be different from that of previous ones, however, inasmuch as it would protect small and medium savers, not bankers. The idea, which is in the preliminary study stage, would be to set up a guarantee fund, consisting of contributions from all Argentine lending institutions, that would be used exclusively to refund the deposits of small and medium savers at the institutions that request provisional or final suspension.

To judge by comments heard in the banking community, the new safety net would protect depositors of less than $50,000, that is to say, the least powerful group of savers in the market. Such concern on the part of the BCRA [Central Bank of the Argentine Republic] was already evident during the negotiations between directors of Banco Extrader and Finansur as they were drafting their individual plans for refinancing liabilities.

Economists and financial analysts warned that a run on bank deposits could rattle the Convertibility Plan. The purpose of protecting small and medium investors is to dispel any fears they may have in connection with the sector's instability. Although BCRA authorities told the directors of the Association of Argentine Banks (ADEBA) that the withdrawal of deposits was over as of 26 January, the association's polls show otherwise.

The possibility of setting up such a fund had been discussed a few days after Roque Maccarone took over as secretary of banks, insurance, and finance. It met with strong, widespread opposition in the financial community, as many are of the opinion that it would institutionalize "carte blanche" and could trigger a race to hike interest rates, especially among the banks that are having liquidity troubles.

According to the information that EL CRONISTA was able to gather, all private, provincial, cooperative, and foreign banks would have to route funds into the new safety net; the Central Bank and the Bank of the Nation would thus remain outside this superstructure.

At present, the Central Bank does not guarantee the deposits of most financial institutions, and it does not want these institutions to join this safeguard system en masse in these times of tension either. The measure would tend to make the banks themselves responsible for their financial condition.

"It's like privatizing the policing power of the Central Bank. Our banks would monitor each other. It's a good system that other institutions, like the Stock Market, already use," indicated one banker, who added: "The biggest risk with this idea is the possibility that interest rates will skyrocket in the wake of shrinking deposits."

Another symptom of the need for financing in the system is the constant renewal of swaps by the Central Bank. Yesterday it added $2.5 million to the $185.7 million it had lent up to then. Loan departments asserted that reserve requirements are constantly being negotiated and that the call rate is mostly symbolic because very few transactions are being conducted. "Whereas a major lender had 50 clients a month ago, today fewer than a half-dozen will get money on their word alone. The rest have to put up securities, and many provinces are not getting money even if they put up those bonds," said one veteran trader.

The need for liquidity grew so acute that the Bank of the Nation reportedly provided $900 million in loans and is considering several hundred million dollars more. Since there are not enough funds to go around, the possibility of expanding the safety net was again emphasized.

In fact, the talks on setting up a clearinghouse for the financial market and on establishing an agency for clearing checks are reportedly being delayed owing to the traders' lack of liquidity, although discussion of these issues is moving forward.

Defense Minister Denies Sale of Weapons to Ecuador

PY0803224495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1648 GMT 8 Mar 95

[FBIS Translated Text] Buenos Aires, 7 Mar (NA)—On 7 March, Defense Minister Oscar Camilion denied that Argentina had sold weapons to Ecuador, asserting that his country would not make such a deal "when there is a conflict between Latin American countries."

Camilion conceded that "part of a shipment of weapons that had been legally sold to a third country was allegedly diverted to one of the belligerent countries." He nonetheless made it clear that there is no nation directly implicated in this affair.

Asked whether the "third country" to which he had alluded was Venezuela, Camilion replied that "there is no state directly involved" in this deal and that, at most, "it was used as an intermediary."

Commenting on his recent visit to Washington, the defense minister said "it was most timely," adding that the objective of his visit was "to concretize the initiative of establishing an Argentine-U.S. task force in charge of dealing with bilateral defense issues. [no closing quotation-marks as received]

Camilion pointed out that this is "the first task force ever established between the United States and a Latin American country on an 'organic' basis for cooperation or action in defense matters."

With regard to the cutbacks in the Armed Forces budget within the framework of the adjustment plan ordered by the Menem administration, Camilion acknowledged that "it will affect their operation." He also expressed the belief that the reduction in wages for the public administration will be suspended "as soon as the crisis is over."

In concluding, the defense minister declined to make any comments on the charges leveled by former Navy Captain Adolfo Scilingo to the effect that those held in custody at the Naval Mechanics School under the latest military dictatorship were hurled alive into the sea from airplanes.

"That is a wholly political issue that is linked to the election campaign," he noted.

Menem Defends 1990 Pardon for Human Rights Violations

PY0803165295 Buenos Aires BUENOS AIRES HERALD in English 7 Mar 95 pp 1-2

[FBIS Transcribed Text] As political pressure mounted over claims that members of the Navy dropped prisoners into the ocean from airplanes in the mid-70's, President Carlos Menem refused yesterday to consider reversing the presidential pardon he granted in 1990 to top military officials and guerrillas who were convicted of human rights violations.

At a press conference at Government House Menem defended the presidential pardon, as he has for the pat four years, as the best way to calm and unify the country.

Menem also dismissed the claims by Navy Ensign Adolfo Francisco Scilingo published in a book released last weekend by an Argentine investigative journalist. Scilingo said he and other members of the Navy's School of Mechanics [ESMA] injected political prisoners with drugs and threw them alive out of airplanes into the Atlantic.

"The assertions by this individual were made without proof and are not reliable because they were made by a delinquent who was convicted several times for falsifying documents, fraud and car theft," Menem said.

Dozens of elected officials, union leaders, lawyers, former judges, church leaders and human rights officials blasted Menem's response to the issue and demanded that the government produce a list of all the victims of the military dictatorship's "dirty war."

Eight Argentine human rights groups also announced that they will demonstrate on the Plaza de Mayo.

Monica Mignone would have been among those ESMA injected with drugs and threw out the back door of a Skyvan aircraft. The flights were made every Wednesday afternoon in 1976 and 1977.

"Maybe now people can throw flowers into the ocean as part of a Christian burial," Emilio Mignone, president of the Centre for Legal and Social Studies (CELS), said in an interview yesterday with the Herald.

"This confirms exactly what we knew before except it is one of their own that has come forward this time," said Mignone. "The best thing that can come out of this is that Menem pressure the military to open up an investigation... He can but he won't," said Mignone. "When he said that Scilingo and others are stirring up past nightmares, he doesn't realize that the nightmare (for victims' families) is the lie."

Mignone, said he hopes the confessions will lead to others. Because of the Scilingo story a strong political consensus is developing, which with the power of more confessions, could force the government to take positive action, he said.

Mignone said the presidential pardon of top military official has allowed "people who are guilty to speak up and help us know more about where they are (desaparecidos)."

I know that a list of the desaparecidos exists. The Argentine military worked systematically. If the list does not exist there are people who can help recreate it." [no opening quotation marks as published]

Mignone said a good place to start looking for answers is with Navy Chief of Staff Admiral Enrique Molina Pico.

"He (Pico) was stationed in France during most of the repression," Mignone said. "But he must have known about the disappearance of his sister in law (Monica Quinteiro). There was a general rule back then that no officer could be allowed to ask for one of their relatives... What they did do, however, was provide the military with the bodies."

Part of the political push will have to come from the church which has been too silent about their role in the dirty war, Mignone said. Priests allegedly gave blessings to Naval officers who took the desaparecidos to their deaths.

Of Scilingo, Mignone said: "He came forward partly out of guilt, and because he was angry at the Navy. Yet I don't think he is yet repentant. Very few of those involved are fully conscious of what happened."

Bolivia

Foreign Minister Notes U.S. Document on Antidrug Fight

PY0903023895 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 8 Mar 95

[FBIS Translated Excerpt] The government has admitted the existence of a classified U.S. document on the antidrug fight, but it would rather talk about it in a disguised manner.

In a news conference, Foreign Minister Antonio Aranibar admitted that in the process of adjustment of bilateral relations, the two central points are the eradication of coca crops and the new extradition treaty.

The U.S. Embassy has begun to exert pressure concerning these two issues, threatening withdrawal of U.S. certification in the antidrug fight.

[Begin Aranibar recording] This document, as the Presidency Ministry will be able to verify correctly, was handed over in a given situation to the president of the Republic on 2 March, and not before that. It was not submitted, therefore, to the Foreign Ministry, but to the president. It has the characteristics of a working document about which no agreement has as yet been signed with the Bolivian Government. It only includes a position on the part of the U.S. Administration concerning the certification it has issued. [end recording]

The working document, as the foreign minister calls it, only contains a U.S. position; there are no signed agreements on those matters with the Bolivian Government, he said.

Moreover, Presidency Minister Guillermo Justiniano has revealed that U.S. Ambassador Curtis Kamman last week requested a meeting with the president of the Republic to explain the new rules of the game. Justiniano said that once the Bolivian position is established, the government's considerations and views will be made known to Congress. [passage omitted]

Brazil

U.S. Intelligence Access in Sivam Competition Alleged

PY0803234495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Mar 95 Section 1 p 8

[Article by Gustavo Krieger]

[FBIS Translated Text] The Brazilian Government has discovered that the U.S. intelligence service had access to secret information included in the proposal submitted by the French enterprise Thomson in the competition for the Sivam [Amazonas Region Surveillance System] contract.

FOLHA learned that the discovery was made by SAE [Strategic Affairs Secretariat] and military personnel linked with the Sivam command. The matter is considered secret by the Brazilian Government.

The "leak" involved the most important part of the Thomson proposal. U.S. personnel had access to the foreign loan scheme designed by Thomson for financing the Sivam project.

The Brazilian military believes that the "leak" could have occurred within the French Government itself.

The financing proposal was the decisive point in the dispute between Thomson and the U.S. enterprise Raytheon, which had White House support.

The Brazilian Government has no money for implementing Sivam by itself. For this reason, it decided that the enterprises willing to implement the project had to obtain foreign resources for it.

The loans negotiated by the enterprises were to be contracted by the Brazilian Government.

The parties interested in the Sivam project were advised that the contract would be awarded to the bidder offering the best technical solution, the lowest prices for equipment and services, and the best financial terms.

Upon examination of the first two criteria, the French and U.S. offers were nearly equal. Their technical specifications were viewed as "meeting Sivam needs."

In the Raytheon proposal, the cost of equipment and services was only 4- percent smaller than that of Thomson, a difference the Brazilian Government considered "insignificant."

The decision was to be made on the basis of the financial proposals. During the first examination of the offers on 30 May 1994, the government did not accept the proposals made by either Thomson or Raytheon.

The government claimed that both proposals had the same deficiency. They did not offer complete financing for the project, and proposed that Brazil search for part of the necessary funds in capital markets.

The government set September 1994 as the deadline for the enterprises to submit new financial proposals.

At the beginning of September, Thomson showed the Brazilian Government its hidden card. The enterprise proposed that Brazil issue public securities worth $595 million (524.8 million reals [R]) for financing part of the project.

The trick was that the French Government would guarantee the purchasing of those bonds and would make no transactions involving them for 20 years. This was equivalent to indirect, though guaranteed, French Government financing for Sivam.

Military personnel involved with Sivam found out that this proposal was "leaked" to the U.S. enterprise. With this information, and with U.S. Government support, Raytheon managed to formulate a new financial scheme offering full coverage for Sivam.

The first financial proposal submitted by Raytheon proposed a credit line by Eximbank, an investment bank linked with the U.S. Government. The credit was for $601 million (R530.08 million) at 9.03-percent interest.

In the second proposal, this line of credit rose to $793 million (R699.4 million) at 6.92 percent interest. This rate is lower than international market rates for this type of operation.

Raytheon completed its proposal with funds obtained from the U.S. market. The enterprise itself provided $239 million (R210.80 million) for Brazil to finance Sivam.

THE NEW YORK TIMES reported in February that CIA agents may have interefered with the Sivam negotiations.

The agents might have discovered and reported to the Brazilian Government that Thomson was trying to bribe Brazilian officials involved with the project. The report might have favored Raytheon.

Days later, the French Government expelled from France five U.S. citizens suspected of serving the CIA (Central Intelligence Agency).

Senate To Probe Bribery Charges

PY0803184295 Sao Paulo AGENCIA ESTADO in Portuguese 2232 GMT 7 Mar 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 7 Mar (AE)—On 9 March the Senate Foreign Relations Committee is expected to set a date for hearings for Aeronautics Minister Mauro Gandra and Strategic Affairs [SAE] Secretary Ronaldo Sardenberg. Senator Bernardo Cabral (PP-AM) [Popular Party-Amazonas], deputy chairman of the committee, has summoned Gandra and Sardenberg to brief the committee members on the installation of the Amazon Region Surveillance System (Sivam). At the request of Senator Jader Barbalho (PMDB-PA) [Brazilian Democratic Movement Party-Para], Sardenberg will also testify before the Supervision and Control Committee.

In response to initiatives by Cabral and Barbalho, the Senate is going to investigate issues raised by the French company Thomson, which lost the bidding for installing Sivam to the U.S. company Raytheon. The senators are also going to investigate the CIA's charges that Thomson attempted to bribe Brazilian officials who had decision-making power over the project.

Senator Barbalho, who is also a former governor of Para State, showed surprise at the fact that President Fernando Henrique Cardoso has so far failed to ask for official explanations from the U.S. Government about a CIA agent raising charges of a bribery attempt during the process. He said: "The press reports about Sivam raise suspicions about several points of the project."

Senator Gilberto Miranda (PMDB-AM), who served as rapporteur for the government's request to obtain foreign financing for Sivam, today failed to deliver on his promise to give today to the plenum his version of the negotiations. This afternoon he left for Sao Paulo to visit Senator Alexandre Costa (Liberal Front Party-Maranhao), who is recovering from a brain hemorrhage at the Sao Paulo Heart Institute (Incor). Miranda said the press has not given any details of the process in which the Senate participated.

Miranda considered it to be normal for a loser in a high-cost public bidding project to lodge a complaint. He said: "Never before has a government request for authorization for foreign financing been so thoroughly questioned in the Senate." He added that he had taken it upon himself to hear former Aeronautics Minister Lelio Lobo and former SAE Secretary Mario Cesar Flores. He said: "We reviewed nearly 200 kg of documents and we still had to ask for more time to conclude our work." Miranda promised to brief the Senate plenum on the Sivam bidding on another occasion.

Former Strategic Affairs Head To Testify

PY0903015495 Sao Paulo AGENCIA ESTADO in Portuguese 2234 GMT 8 Mar 95

[FBIS Translated Text] Sao Paulo, 8 Mar (AE)—The Chamber of Deputies will by next week summon Admiral Mario Cesar Flores, the former head of the Strategic Affairs Secretariat, to testify before the Finance and Supervision Committee that is investigating the Amazon Region Surveillance System (Sivam). This only became possible following the approval today of a request by Deputy Arlindo Chinaglia (Workers Party—Sao Paulo). Deputy Chinaglia stated that Flores has been summoned to clarify "obscure aspects of the bulky commercial transactions within the implementation of Sivam."

Attorney General Asked To Halt Signing

PY0803183195 Sao Paulo AGENCIA ESTADO in Portuguese 2249 GMT 7 Mar 95

[Report by Regina Terraz]

[FBIS Translated Text] Sao Paulo, 7 Mar (AE)—Federal Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] today sent a petition to the office of Attorney General Aristides Junqueira, asking him to prevent the signing of the contract for the installation of the Amazon Region Surveillance System (SIVAM) worth $1.4 billion. The Brazilian Government and the U.S. company Raytheon are scheduled to sign the contract on 15 March.

In his petition, Deputy Chinaglia asks the attorney general to adopt measures to hold up the contract signing process until "a definitive clarification of the charges published by the press" is completed. According to the media, the Raytheon company, which won the bid, only managed to close the Sivam deal to supply equipment after the CIA had warned the Brazilian Government about the French company Thomson's attempts to bribe Brazilian officials responsible for the deal. Thomson also accuses Raytheon of having spent nearly $40 million to win the bid. The French still believe that the Brazilian decision was influenced by U.S. political pressures.

Chinaglia also asks for a public investigation of the alleged irregular procedures committed during the bid process. The petition is legally based on Article 37 of the Constitution: "The authority must respect the principles of legality, impartiality, ethicality, and public-mindedness in his administrative actions." Deputy Chinaglia also asks that former Strategic Affairs Secretary Mario Cesar Flores and former Aeronautics Minister Lelio Viana Lobo, who directly participated in the negotiations, be summoned.

Senator 'Will Not Tolerate' Pressure on Sivam Probe

PY0903021595 Sao Paulo AGENCIA ESTADO in Portuguese 2014 GMT 8 Mar 95

[Article by Rosa Costa]

[FBIS Translated Text] Brasilia, 8 Mar (AE)—PFL [Liberal Front Party] Senator for Bahia Antonio Carlos Magalhaes, the chairman of the Foreign Affairs Committee, today assured that he will not tolerate any pressure on the investigation into the tender for installation of the Amazon Region Surveillance System (Sivam). He scheduled a meeting for tomorrow at 1000 to set the dates for briefings by Aeronautics Minister Mauro Gandra and Strategic Affairs Secretary Ronaldo Sardenberg.

He said: "Pressure does not affect me," adding: "Only those who like it or who want to, yield to pressure." The former Bahia governor said he is too old to fall for reasons that have nothing to do with the facts. Senate President Jose Sarney (PMDB-AP) [Amapa] said everything that Congress wants clarified must be clarified. He said: "I do my share by submitting requests to a vote."

PMDB Senator for Amazonas Bernardo Cabral, the vice president of the Foreign Affairs Committee who wrote the resolution summoning Gandra and Sardenberg, today reiterated that the ministers must be heard as soon as possible. He expects the committee to work calmly on the issue. He said: "During the nine months I was the rapporteur for the Constituent Assembly I did not yield to pressure and I will not change now." Cabral invited PMDB Senator for Para State Jader Barbalho to attend the meeting on 9 March, even though he is not a committee member. Barbalho demanded the questioning of secretary Ronaldo Sardenberg by the Supervision and Control Committee, which he chairs.

The senator believes there is no reason for the government to refuse to investigate the Sivam tender process. He said: "The government is obliged to question those involved in doubts over the operation." He said this is what he and Senator Cabral are doing as members of a party that is a government ally.

Communications Minister Sergio Motta Profiled

95SM0207A Sao Paulo VEJA in Portuguese 15 Feb 95 pp 34-36

[Article by Roberto Pompeu de Toledo: "The Fat Man Who Knows How"; introductory paragraph in italics as published]

[FBIS Translated Text] *Who is Sergio Motta, the minister in whose area things are most lively in FHC's [Fernando Henrique Cardoso's] administration?*

Take the years ending in "5," and let us see what happened to citizen Sergio Roberto Vieira da Motta in each of them. In 1965 he was eating paper. In 1975, on the contrary, he was busy multiplying paper to make it feasible to publish an alternative newspaper. In 1985 he was crying. In 1995 he has reason to laugh. Sergio Motta—"Sergio the Fat Man," as he was nicknamed in another era, or "Serjao" [Big Sergio], as he is known even today, occupies the most important and most visible of the many posts he has held in his life. He who was always in the shadow has become a national figure. He who was always making other people happen is now himself happening. Sergio Motta, 54, is minister of communications in Fernando Henrique Cardoso's administration, and he has wasted no time proving himself to be a minister. With FHC having been in office for six weeks, and with all the members of the cabinet having been put in a cocktail shaker, mixed, shaken, and well whipped, the result is "Serjao." He is the most energetic, the most restless, and the one who gives the strongest impression that this is an administration that is here to change things.

Sergio Motta has been many things in his life, but it was his misfortune, when he began to be known, to be identified with what he is not. To start with, he was one of the most pugnacious student militants in the crop of 1964. He belonged to the AP (Popular Action), a left-wing organization of Catholic origin, and was once arrested along with the other participants in a banned meeting. That was the occasion on which he ate paper, he and his inseparable friend Egydio Bianchi, in order to get rid of documents they did not want to see fall into the hands of the authorities. Continuing to the next year ending in a "5," or 1975, we find Motta, by now a successful businessman but one whose heart is still on the left, taking on the administrative side of the newspaper MOVIMENTO, a landmark in the history of resistance to the military regime. Journalist Raimundo Pereira was its editor, and sociologist Fernando Henrique Cardoso was a member of its editorial board. By 1985 Sergio Motta was managing political campaigns. He ran Fernando Henrique's campaign for mayor of Sao Paulo, and it was at the conclusion of that story that we find him in tears. On election night, the always very emotional Motta broke down upon seeing Fernando Henrique enter the big Baiuca Buffet on Maranhao Street, which had been rented for a party in case of victory and where the candidate appeared "with much dignity" even though he knew he had been defeated. The crying became so uncontrollable that he had to leave the building.

Sergio Motta has been those things and much more—fullback for the Bras neighborhood's IV Centenario soccer team, producer of such plays as "Equus," "The Unburied Dead," and "Death of a Salesman," and the man in charge of a failed program for producing alcohol from wood in the Figueiredo administration—but he has been confused with someone that he is not: P.C. Farias. His friends are indignant. "He was never P.C.," says Raimundo Pereira, editor of MOVIMENTO. Raimundo claims that the intellectuals who signed a manifesto in favor of Fernando Henrique Cardoso during the election campaign to defend him from the accusations and insinuations being leveled at him should have been doing the same for Sergio Motta. "I am not a thief," says Sergio Motta himself. If there was anything that irritated him during the election campaign, it was being called FHC's "treasurer." "That irritated me first of all because I was not the treasurer, but what irritated me even more was being called 'treasurer' in quotation marks." The insinuation being that he was playing a secret role. "The treasurer was Bresser" (Luiz Carlos Bresser Pereira, currently minister of administration), Motta repeats constantly. "I, on the other hand, was always much more a spender than a collector." His job was to organize the logistics of the campaign, make preparations for trips and rallies, provide material, supervise TV programs, and oversee the personnel.

His way of behaving in the world is the opposite of the P.C. way. Solidarity and ideals have been permanent fixtures in his life—yes, solidarity and ideals, although that may surprise anyone misled by the myth of the fat man acting in the shadows. In the leaden years, Sergio Motta used his engineering firm, Hidrobrasileira, to give jobs to those fired and persecuted by the regime. Journalist Duarte Pereira, for example, was living underground and working for Hidrobrasileira. Aldo Arantes, formerly president of the UNE [National Union of Students] and now a federal deputy elected by the PC do B [Communist Party of Brazil] in Goias, needed to find a job as a condition of parole. Enter Sergio, who hired him at Hidrobrasileira. Plinio de Arruda Sampaio, now a member of the PT [Workers Party], and Paulo Renato Souza, currently minister of education, both of them left-wing intellectuals at a tight spot in their professional lives, also worked for the company. What is more, Sergio Motta hired the widow of Carlos Marighella, Clara Churf, as Hidrobrasileira's librarian. One of his admirers says: "He ran risks by doing that. He had a lot of courage."

That admirer is Herbert de Souza, or "Betinho," Motta's comrade in the AP. "Betinho" is among those who call him "Serjao." "Betinho" remembers "Serjao" and Egydio as the inseparable pair in the Sao Paulo AP. Egydio Bianchi—the one who ate paper along with Sergio Motta—now works with him in the Ministry of Communications. "Betinho" feels that Sergio Motta is "a person with values." More than that, and in line with his being the opposite of P.C. Farias—or of what P.C. Farias is imagined to be—Motta is a transparent human being. "He has the virtue of being very open," says "Betinho." "Everything you don't like in him becomes obvious at the start. No research is necessary." Transparence: everyone who knows him emphasizes that trait as being characteristic of Motta. Emotionalism as well. He is a fat man given to expansiveness, and to realize that fact, one need only talk to him for five minutes. He is also a funny fat man. Once, back in the prehistoric days preceding 1964, there was a discussion regarding the possibility of a state of siege being declared by Goulart and how the students would react to it. Someone who was in favor of the state of siege said: "It will be a democratic state of siege." Good old "Serjao" could not help himself: he threw himself on the floor and rolled his stomach, which was already good-sized even in those days, in the air. Feigning hilarity, he kept repeating: "Democratic state of siege! No way. I have never heard of that!" And he rolled on the floor laughing. The scene remained engraved in the memory of another participant in that meeting, economist Jose Roberto Mendonca de Barros, now secretary of economic policy in the Ministry of Finance.

Around 1965, back when he was being left in charge of the AP while its former leaders were either disappearing or going into exile, Sergio described one of his principal activities as that of "coordinating apparatuses." Even today, in a sense, he is coordinating apparatuses. If by some misfortune the time machine were to bring back Institutional Act No. 5, the paddy wagon would have a field day wherever it found Sergio Motta—in the government or in private enterprise. All it would have to do is back up to the door and throw everyone inside. Motta just recently announced the hiring of former PT Deputy Irma Passoni to be his special adviser in the Ministry of Communications, a fact that received two lines of explanation: he called on her because she was an expert on telecommunications, and he called on her so as to cause confusion in the PT. Anyone knowing him well might venture a third explanation: his compulsion to hire unemployed leftists. "I practice solidarity, not welfare," says Motta. He claims that he employs the abandoned but requires that they work and prove themselves competent.

Sergio Motta is a typical Italian—there could not be anyone more typical. He is a typical Sao Paulo Italian, having been born in a part of the city—the vicinity of Visconde de Parnaiba Street—where there are three neighborhoods that have historically been home to Italian immigrants (Mooca, Bras, and Belenzinho), and he exhibits the characteristics usually associated with Italians: emotionalism, expansiveness, devoted dedication to his family, and unconditional loyalty to his friends. He is even fat in the way that Italians are depicted in caricatures. The only thing needed to complete the picture of a perfect Italian from Sao Paulo's Eastern Zone is that he should actually be the descendant of Italians. Unfortunately, he is not, and we are left without the picture that seemed so perfect and finished. His ancestors were Portuguese. His father, Jose Vieira da Motta, was an X-ray technician. The family lived modestly in a small detached house. It was an effort for the father to support his son in some of the best private schools—Sao Bento, Bandeirantes, and so on—and his son did not always live up to expectations. He ended up being expelled from Sao Bento after engaging in various pranks there. One such prank took advantage of the moment when the bells of Sao Bento Monastery would be ringing, with the sound being picked up by a number of radio stations to give the correct time. At the very instant when the microphone was turned on to pick up the sound of the bells, he and a group of fellow students launched into a chorus of vulgarities.

At the Anglo-Latin Institute, a famous prep school for hopeful engineering students, Motta formed a friendship that was to have consequences for the rest of his life and, in a way, even for the Brazilian state itself. It was there that he met future Deputy and Senator Jose Serra, now his fellow cabinet member. What was Motta like in those days? Serra explains: "He was a guy who rooted for Sao Paulo, read the GAZETA ESPORTIVA, and wore a raincoat even when it was not raining." Serra later entered the Polytechnic School at the USP [University of Sao Paulo], while Motta enrolled in the Industrial Engineering School (FEI), but they strengthened their friendship in the AP. Serra became president of the State Students Union (UEE) and later of the National Union of Students. The help of his friend Motta was essential to him not only in his campaigns but also while he was in office. At the time, Motta more or less did for Serra what he would later do on a larger scale for his friend Fernando Henrique.

Sergio Motta has one trait that sets him apart from his comrades on the left. Whereas the latter drifted either into an exacerbation of practice or theory or, alternatively, into political radicalization or academic life, he decided to make money. He started working as an engineer and consultant for a firm called the Integrated Planning Group (GPI), and there, for a change, he attracted the attention of possible clients as well as that of DOPS [Department of Political and Social Order], and his staff even came to include Diogenes de Arruda Camara, one of the sacred icons of Brazilian communism. At one point he went to help an old firm that had been in existence since 1954, having been established by French interests in partnership with professors at the Polytechnic School, and he ended up owning it. Hidrobrasileira was the name of the firm, and at the time it was out of operation and facing the choice of either closing down or finding someone to take on the challenge of rebuilding it. Sergio accepted the challenge and then had the chance to strengthen his other side, the side that has not been mentioned much up to this point: let us call it his right side. His left side is that of militancy, solidarity, and emotionalism. His right side is that of efficiency, a capacity for work, and the implacable pursuit of goals. "Sergio is a tractor" is another commonplace about him. When he tackles a job, it is best to get out of his way, because he is going to finish it. Here are some statements about that side of the man who is now minister of communications:

"Sergio does not eat with a toothpick. He eats with a knife and fork. Some people might even find him rather brusque. There is nothing about him to remind you of someone from Minas Gerais. The very name 'Serjao' ["Big Sergio"] indicates that he carries a lot of weight." ("Betinho".)

"Sergio usually occupies more space than is given to him initially. He is not afraid of failure; he possesses tremendous self-confidence and gambles big. He has a tough skin and can take the punches without becoming discouraged." (Luiz Carlos Mendonca de Barros, economist, banker, a friend of Sergio's since the days of the student movement, and his partner in several undertakings.)

"He never does things dispassionately. He is not a man who moves forward tentatively." (Plinio Xavier de Mendonca, Jr., Sergio's partner in Hidrobrasileira and now his successor as president of the firm.)

"Efficiency is one of his characteristic traits. At the MOVIMENTO meetings, he would explain in great detail everything that was happening at the newspaper. MOVIMENTO was only one of his various activities, but he gave the impression of devoting all his time to it." (Teodomiro Braga, a former journalist for MOVIMENTO who now writes for JORNAL DO BRASIL.)

"I know how to organize a thing." (Sergio Motta himself.)

Motta's ability as an organizer was placed in the service of the political campaigns of the professor he had known since the days when the latter worked for Cebrap (Brazilian Analysis and Planning Center)—the same professor who is now president of Brazil. In 1978, when FHC was running for senator for the first time, an executive campaign committee for was formed with Serra, Mario Covas, two or three others, and Sergio Motta, and it became Motta's job to organize the campaign—in other words, to do everything. "That role was always enough for me." He has great admiration for Fernando Henrique, and his loyalty, as always, is unquestionable, but he has another job to do for the president, and that is to fill in the blanks left by FHC. "I am the anti-Fernando Henrique," says Motta. "He is an intellectual and engages in permanent doubt. I am an engineer; I have nerve." If there is power to be exercised, he exercises it, and if there is something to be done, he does it. That fact about him is so well known that nowadays he is even famous for what he does not do. Last week there was a rumor that he was the source of VEJA's cover story about the slush fund at the OAS [expansion not given] construction firm. Actually, Motta knew nothing about the matter until it appeared in our magazine.

Married to Wilma, the descendant of Japanese immigrants, and the father of three daughters, Motta has brought his customary whirlwind style into the ministry. In a month and a half, he has canceled calls for bids by Telebras [Brazilian Telecommunications, Inc.] and put the licensing procedure for radio and TV stations on hold, denounced the politicization of the licensing process, and said that he is going to change and reform the system, and now he is preparing for what he hopes will be a big debate on the essence and function of this country's media. He says that if this administration does not change the country, it will not have been worth the trouble. Motta's domain is the place where the administration is most active today, occasionally with clashes like those with Antonio Carlos Magalhaes, now a senator but also still a sort of honorary minister of communications, and even at the cost of a dinner with the Marinho family of the Globo Network for every step in the direction of Irma Passoni. Motta's domain is the area where it has been felt most quickly that power has changed hands. Where it is most noticeable that things are on the move.

Chile

Pinochet, Perez View Fujimori's Comments on 'Arms Race'

PY0703220495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 7 Mar 95

[FBIS Translated Text] In commenting on statements by Peruvian President Alberto Fujimori, Army Commander General Augusto Pinochet said that weapons are handled by men and men make mistakes.

Defense Minister Edmundo Perez Yoma considered the issue a closed deal.

The Army, Navy, and Air Force commanders met with hundreds of officers to listen to Defense Minister Edmundo Perez Yoma's address marking the beginning of the academic year of the Armed Forces' institutes. Perez Yoma said that despite the desire to not strain the civilian-military relationship, the government maintains its determination to reassert the president's authority over the Armed Forces. He also pointed out the role played by Chile in its capacity as guarantor of the conflict between Peru and Ecuador.

After the ceremony, Defense Minister Perez Yoma, as well as Gen Pinochet, were consulted about a subject they had not mentioned: The polemical comments by Peruvian President Alberto Fujimori regarding the arms race started by Peru to confront Chile.

[Begin recording] [Unidentified reporter] Does it represent a threat to Chile?

[Perez] No. Right now our relationship with Peru is excellent and there is no threat in this regard.

[Reporter] But the relationship may change, Minister.

[Perez] [makes no comment]

[Reporter] Politics change, Minister. Therefore, diplomatic relations may also change.

[Perez] I think our country is prepared to confront any development.

[Reporter] General, when you were president, were you aware that the Peruvian Army was arming itself in such a way?

[Pinochet] A commander in chief cannot turn a blind eye to what is happening.

[Reporter] But what about this arms race Fujimori talked about, General?

[Pinochet] [makes no comment]

[Reporter] Is your Army well armed?

[Pinochet] Who is asking that question?

[Reporter] I, sir.

[Pinochet] Weapons are handled by men, my friend.

[Reporter] But, General, President Fujimori's comments....

[Pinochet, interrupting] They make mistakes when they are not prepared to handle weapons, when they have no idea how to handle them. [end recording]

Brazil's Cardoso Interviewed During Visit

PY0903011695 Santiago EL MERCURIO in Spanish 26 Feb 95 pp D1, D26, D27

[Interview with Brazilian President Fernando Henrique Cardoso by Mauricio Carvallo at Planalto Palace in Brasilia; date not given]

[FBIS Translated Excerpt] [Passage omitted] [Carvallo] There is another subject of special interest for Brazil and Chile: Inter-oceanic corridors through which the two countries can reach the Pacific and Atlantic Oceans. This possibility has been studied over the past five years. Chile expected Brazil to seek an outlet through Arica, which needs reactivation. However, during a recent interview with the Peruvian media, you said the Port of Ilo, in Peru, would be better. What is the explanation for this?

[Cardoso] No, maybe the Peruvians interpreted it that way on account of my Spanish pronunciation. All corridors are of interest for us. We have an outlet through in Esmeralda, Ecuador; one through Ilo, Peru; and we have one through Arica, Chile. We need them all. Brazilian production needs more than one corridor. None is more important that the other. The easiest one is through Chile because it is ready. Its infrastructure is ready and it is closer to the most developed Brazilian region, which is the south.

The outlet through Ilo is important for the most distant Brazilian regions which export primary products, mainly soybean. The outlet through Chile would serve for our industrial production. Arica is well connected with the Brazilian port of Ibrari.

[Carvallo] Does this mean Arica is the most important port?

[Cardoso] They are all important, but the easiest is Arica.

[Carvallo] It seems you have been unable to make quick progress in the social field; as you desired and as you even announced during your election campaign. The progress is gradual. Why is it slow?

[Cardoso] I have been in the presidency for 45 days. We have sent important constitutional reform proposals to Congress. The law authorizing the franchising of public services has been approved by Congress. I have always favored gradual changes, and I have always said so. A country like Brazil, which is so large, with a GDP of 600 billion is so strong that it is like nature: it does not jump but it always renews itself.

Some people wanted me to privatize everything. Privatization cannot be done without preparing companies for the change. It cannot be done without preparing laws, and without strengthening government instruments to obtain better services and control. I always opposed what during my campaign I called "wild privatization" which is good for speculators but not for the country. We will privatize, we are already doing so, we will grant franchises for public services, but we will never forget the people's interests.

[Carvallo] However, the success obtained by the banking and businessmen lobbies has been criticized...

[Cardoso] What did they lobby for?

[Carvallo] Not to hasten the privatizations...

[Cardoso] But that is what they want...

[Carvallo] The government has been criticized for surrendering to the lobby of national banks in order not to reform the Constitution and not allow the entrance of foreign capital in the banking sector...

[Cardoso] That is another mistake. That criticism was made in the past. It has been straightened up, and today they say the contrary. We will do what the government thinks is best for the country, for national interest. Perhaps the Constitution will no longer prevent the presidency from accepting—in important cases—foreign financial capitals to privatize some state banks. I will authorize it.

[Carvallo] Does this apparent difficulty in the issue of privatization have something to do with your having been a man of the left?

[Cardoso] No. I have always had a belief on this subject—which may be wrong but which is clear: Nowadays the concept of left and right have lost its meaning. Those who think only of the left are backward, archaic. continue to want progress. I believe privatizations are necessary. When I ceased to be foreign minister and became finance minister, that was the first thing I said: Privatization is no longer an ideological issue. The government can no longer make investments, it must resort to the private sector.

I do not accept the concept that the government is always a bad administrator and that private companies are always good. I know many private companies that are very badly administered. A good example of good administration of a government company is the Vale do Rio Doce mining multinational company which is the third, if not the first, largest companies of its kind in Brazil. The problem is that public companies are harmed by political, corporatist, and parochial interests. That is why we lack capital. Many times the political system penetrated them and harmed them in such a manner that nowadays I favor privatization.

[Carvallo] [passage omitted] You wrote the "theory of dependence" which has been described as a creative interpretation of Lenin's essay: "Imperialism, a superior stage of capitalism." Based on that, can you explain what you are doing now?

[Cardoso] I wrote that book in Spanish in Santiago with Enzo Faletto, a Chilean. What did we stress then? As in the present, there were those who favored progress but who believed there would be no development. It was thought that things would remain stagnant and that Socialism was necessary for development. We said no, that there was a change in the forms of dependency, that economies would become international. We created the phrase internationalization of the internal market. Indeed, we spoke of the internationalization of production.

Like then, we are now fighting against an archaic left. We insist that a change is taking place in the world. It was others, not us, who defended the theory of dependency. We "modernized" the socialist belief. We are now witnessing a globalization and must again "modernize" our thoughts, which is what I am doing.

[Carvallo] It is being said in financial circles that the real, the new Brazilian currency, is overvalued and that under the current situation sooner or later it will have to be devalued, as is about to happen in Argentina with the peso. The over-valuation of the real harms exports, encourages imports, and therefore encourages consumption, which in turn fuels undesired inflation. Is it not unreal for the Brazilian currency to be worth more than the dollar? What is the solution to this?

[Cardoso] We did not establish a legal dependency on the dollar, like Argentina which established a one for one value. Here the market began to work, it strengthened the real. If the Central Bank intervenes it will be to prevent the dollar rate from climbing further. It is not artificial, it is being done by the market.

Of course the market must be corrected at times. If we come to the situation you mentioned, if imports threaten to surpass exports or if exports do not continue to increase, the Central Bank will not hesitate to make the necessary adjustments. We have no legal restriction on this.

So far our exports continue to increase. In January they increased more than in any past January. During the first 10 days of February we had a $1 billion financial surplus. If the real were too strong, we would not be exporting.

[Carvallo] Drug enforcement results are not the best. A total of 20 people were murdered in Rio de Janeiro last Tuesday, even before carnival, marking a record figure. In turn, the military who controlled the shantytowns were withdrawn by the Rio de Janeiro governor. What is happening?

[Cardoso] Brazil does not produce drugs, but they pass through here. Drugs are in the Rio de Janeiro slums because that is where the greatest poverty is found. The military intervened temporarily, while the police were being reorganized because they had been infiltrated by drug traffickers. Once the reorganization is over they will gradually assume their role, as established by the Constitution, and the military will return to their barracks.

[Carvallo] Would you pardon a drug trafficker?

[Cardoso] No.

[Carvallo] Why not?

[Cardoso] Because they are extremely dangerous. Society must defend itself from them with every available legal instrument. We cannot be soft with them. A pardon could be a bad example for the whole of society.

Chilean Deputy Grants Interview From Havana

PY0903040495 Santiago LA TERCERA DE LA HORA in Spanish 24 Feb 95 p 12

[Telephone interview with Deputy Jorge Schaulsohn, president of the Parties for Democracy, by LA TERCERA DE LA HORA reporter Cecilia Gutierrez Ronda from Havana; date not given]

[FBIS Translated Text] [Gutierrez Ronda] What did Fidel Castro tell you?

[Schaulsohn] Basically we talked about the process of change that is taking place in this country, a very profound process in the economic area, and one that necessarily will lead to political changes.

[Gutierrez Ronda] Did Fidel Castro make any special request?

[Schaulsohn] Fidel did not make any request. We are not representatives of the Chilean state, and for this reason, no request would be appropriate. We have only been talking and exchanging ideas.

[Gutierrez Ronda] How do you perceive or view Castro?

[Schaulsohn] Very serene, with great political realism and, in my opinion, a great desire for change. He is the one conducting the change in this society.

[Gutierrez Ronda] How do you view those changes?

[Schaulsohn] They are very profound changes, especially in the economic area. These changes include elements of a market economy. In my opinion, Cuba is moving toward an economic transformation that will make the Cuban economy more closely resemble a market society [sociedad de mercado]. Nevertheless, I believe this process will be carried out in an orderly manner and will be conducted by the current Cuban Government.

[Gutierrez Ronda] How long did the meeting last, and what other subjects were discussed?

[Schaulsohn] It lasted approximately four hours, and we also talked about human rights, democracy, international relations, Cuba's relations with the United States, environmental problems, and social and health-related problems. That is, we discussed a very wide range of subjects of common interest. It was a fully frank and open conversation during which the points of view were expressed clearly. From my perspective, it was a very positive meeting.

[Gutierrez Ronda] How would you evaluate the meeting with Castro?

[Schaulsohn] This is a society that is experiencing a very interesting moment, and one that has experienced very important changes.

[Gutierrez Ronda] When will those political changes take place?

[Schaulsohn] These are processes. I believe that the acceptance by the Cuban Government of the fact that these changes will bring political changes is very clear to any observer.

[Gutierrez Ronda] Is Fidel Castro ready for these political changes?

[Schaulsohn] I understand he is the great leader of this process of changes in Cuba, and among all the officials with whom we have talked, the clearest ideas in this area have come from Fidel Castro.

PS Leader Comments on Visit to Cuba, Talks With Castro

PY0803171095 Santiago EL MERCURIO in Spanish 28 Feb 95 p C4

[FBIS Translated Text] Cuban President Fidel Castro told Chilean politicians that the Cuban economic reforms are irreversible.

Castro made these remarks during an informal party held at the Chilean Consulate in Havana, with the attendance of Andres Allamand, president of the

National Renewal Party [RN]; Camilo Escalona, president of the Socialist Party [PS]; Jorge Schaulsohn, president of the Party for Democracy [PPD]; and Ricardo Alarcon, president of the National Assembly of the People's Government.

Escalona commented on the above meeting yesterday, upon returning from Cuba.

Escalona said the initiative for the meeting came from Chilean Consul Patricio Pozo, who invited the PS and PPD presidents—who were touring Cuba, invited by the Cuban Government—and the RN president, who was visiting Cuba with his family.

Escalona said that Castro and Alarcon told them that the changes that have taken place on the island since the collapse of the Soviet Union and the East Europe communist bloc are being implemented without going back to the old socialist principles, and by promoting a full opening up to the world through socioeconomic reforms.

Regarding the Cuban process of reforms, Escalona said he was able to confirm that the process of socioeconomic and political transformation Cuba is undergoing "is more significant than what the Western world thinks."

Escalona said: "There have been unprecedented reforms, such as the economic opening to foreign capital, the formation of mixed companies, the tax reform, the formation of the agricultural market, and the marketing of agricultural products based on the rules of supply and demand."

From the political standpoint, Escalona noted the nomination of deputies by the municipalities, not by the Cuban Communist Party.

Escalona admitted, however, that he did not try to talk to dissident groups during the PS delegation's visit to Cuba.

Escalona said: "While we did not see any dissident activity, we cannot say that it is nonexistent."

Asked about the concrete possibility of a political change in Cuba, Escalona said he is convinced there is no possibility in the short term, as in his opinion there is no alternative within Cuba.

Escalona also stated that Cuba has not requested that the reestablishment of full diplomatic relations with Chile be expedited. He said that Cuban authorities understand that the Chilean Government will make this decision when it deems it to be appropriate.

Escalona added that the PS believes that it would be ideal for this decision to be made this year.

Small Business Program Results Outlined

95SM0200A Santiago LA NACION in Spanish 8 Feb 95 p 22

[By Carmen Paz Rodriguez]

[FBIS Translated Text] With only a few months left before the third anniversary of the Small and Medium-Sized Business Support Program that was inaugurated by the Patricio Aylwin administration, the final results are optimistic despite the fact that in the opinion of some observers, the $18.5 million spent up to the end of 1994 was insufficient.

The government is convinced, however, that these businesss enterprises represent a challenge with respect to modernization of the means of production, and that the indications so far are promising.

Small and medium-sized business (PYME) accounts for more than 15.6 percent of the nation's business enterprises—a percentage that is not inconsiderable if one adds in the microenterprises, because the resulting total would then constitute 98.5 percent of the nation's business enterprises (which total 483,479 enterprises).

Between the years 1990 and 1993 the number of PYME enterprises grew by approximately 33 percent—from approximately 57,000 in 1990 to 75,000 in 1993—a net increase of more than 18,000 production units.

Of the 75,636 small and medium-sized businesses, more than 45,000 are found in three sectors: retail trade, 39 percent; manufacturing, 14.4 percent; agricultural and livestock production, 12 percent.

More Jobs

The PYME enterprises play a major role in job creation. It is estimated that last year a total of 1.7 million workers were employed in these business establishments, representing 36.5 percent of the total employed population.

The major role of the PYME enterprises in the generation of new jobs through economic activity is exemplified in the municipal services sector, where they account for 51.8 percent of all jobs.

In addition, PYME enterprises in the construction, financial services, and industrial sectors provide jobs for approximately 40 percent of the workers employed in those sectors. It is clear, however, that in no type of economic activity is PYME participation less than 22 percent.

Because of the promising results, it was announced that $25 million will be allocated this year to fund the PYME program. In addition, a package of programs will be inaugurated with the aim of strengthening and stimulating the capacity of the financial market to invest in these smaller production units through the incorporation of new mechanisms of private sector participation.

One of the problems facing small and medium-sized mining enterprises is the difficulty of access to financing because of the high cost to banks of transactions with PYME enterprises and the difficulties encountered by public and private banking circles in evaluating the credit risk that is implicit in PYME requests for credit.

According to a study conducted by Corfo [Production Development Corporation], the solution to this problem will involve the massive incorporation of new computer technology and heavy emphasis on reengineering the traditional operating procedures. "There are trends in banking," the study says, "that point to a possible reorientation of the attitude of financial institutions toward PYME enterprises, whose progress in a number of countries is believed to be closely associated with the presence of certain specific facts."

Exports

According to the Corfo study, the PYME enterprises have performed well in recent years in respect to exports.

During 1994, 1,666 small enterprises and 617 medium-sized enterprises engaged in commercial transactions with foreign companies. This represents 42 percent of the nation's total exports.

The PYME enterprises in 1994 exported products having a total value of $434 million, which represents a significant increase over the figures for the previous years.

Colombia

Commission Proposes Tougher Rules for Surrender Policy

PA0903035995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 8 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The commission appointed to consider the toughening of legislation governing the surrender to justice policy will present a report to the president tomorrow with proposals that have already been examined. If the proposals are accepted, the government will present them to Congress. Let us look at the most drastic changes proposed to the rules currently in effect:

1. Negotiations will begin with the maximum and not the minimum sentence, as is currently done.
2. The number of years that must be served for crimes involving drug trafficking and terrorism will be increased.
3. Three courts will be created in order that prosecutors, attorneys, and judges can review the negotiations step-by-step.
4. No convict will be allowed to plea bargain. Only individuals who surrender or are arrested will benefit from reduced sentences.
5. Sentence reductions will only be granted to individuals who provide information that contributes to the dismantling of criminal organizations or to the capture of well-known criminals.
6. Legislation on surrender policies will be unified to prevent criminals who have surrendered from using the most advantageous codes for their cases.
7. Anyone who continues perpetrating crimes while in jail will lose all benefits or sentence reductions, even if these have already been approved. Moreover, their sentences will be increased as punishment.

Documents Reveal FARC Kidnapping Campaign

95WR0040Z Santa Fe de Bogota EL TIEMPO in Spanish 23 Feb 95 p 3

[Article by staff writer Clara Elvira Ospina]

[FBIS Translated Text] The FARC [Revolutionary Armed Forces of Colombia] are attempting to kidnap, on a periodic but systematic basis, a total of 80 ranch owners and merchants in the department of Cundinamarca.

The guerrillas are attempting to comply with an order from their Secretariat aimed at financing, by means of kidnapping, the creation of two new subversive fronts in the department. These fronts would operate in collaboration with urban networks in the capital of the republic.

The new fronts were named for the FARC members, Manuela Beltran and Policarpa Salavarrieta, and their mission is to extend the FARC presence to the northern and northeastern zones of Cundinamarca.

The plan has already begun to be executed. Last month alone, the number of kidnappings reported to the department's authorities rose from seven to 22.

During the Army's last four operations in Cundinamarca, the guerrillas, upon fleeing, left behind documents attesting to the plans against the 80 ranch owners and merchants who have become targets of their financing activity. The Army has now begun to notify these individuals.

As one high-ranking official remarked, the problem is that the State cannot provide each one of them with bodyguards. Hence, while the principal kidnapping networks in the department are in the process of being dismantled, the cattle breeders are hearing the official recommendation that they consider reducing the visits paid to their farms.

Kidnapping

The warning of the possible effect on kidnapping statistics in Cundinamarca came between 7 and 14 January of this year. A kidnapping was reported to the department's Unase [Antikidnapping Unit] groups on each of those seven days.

This is the highest average recorded since the Unase was established in that region. By the end of January, the investigators had raised the number of cases from the seven that were pending in December, to 22.

The lists of potential kidnapping victims have caused fear of a greater increase. Cattle breeders and merchants from Mosquera, La Granja, Tena, Sasaima, and Apulo, among other municipalities, are included on the guerrillas' macabre lists.

The intelligence studies succeeded in determining the department's two corridors in which the subversives commit most of the kidnappings: the first includes the Medellin freeway and the municipalities of La Vega, Villeta, and Guaduas. The second covers the highway leading to the department of Tolima and the nearby municipalities: Arbelaez, Pasca, and Fusagasuga.

Girardot is another area in which there are many abductions, so many that it constitutes a special case.

One of the largest guerrilla kidnapping networks has been practically dismantled. The investigation of this network, headed by the Prosecutor General's Office, began last October, when a ranch owner from Arbelaez was kidnapped.

Intelligence reports made it possible to identify Gilberto Chicoque as the commander of the 55th front, which had issued the order to kidnap this cattle breeder, and "Eucardo," the finance chief, as the one who had directed the plan.

Eight other active guerrillas, including "Yamil," "Gildardo," and "Carlos," were the ones responsible for committing the kidnapping. The Prosecutor General's Office has now compiled sketches of these individuals based on descriptions.

Contacts with the victim's family enabled the Prosecutor General's Office to capture 17 criminals claimed by the authorities to belong to the network: Narciso Rodriguez, Enrique Mora, Edgar Cadena, Orlando Mora, Raul Mendez, Jacinto Guzman, Eduardo Cruz, and Edilma Villabon, among others, who are accused of participating in that abduction.

However, the cattle breeder still remains in the hands of his captors.

The investigations of the criminals using the other kinapping route are less advanced.

Although the Army claims to have identified a ring said to be the one responsible for several kidnappings in the Mariquita (Tolima) zone, and operating from Soacha and Bosa, in southwestern Bogota, the Prosecutor General's Office needs proof to order their capture. This has not yet been possible to collect.

The Presence

The Army commands in Cundinamarca are convinced that, this time, the anti-guerrilla strategy will work. A thousand military forces, including officers, noncommissioned officers, and troops trained for the anti-insurgent battle have been deployed in the provinces of Tequendama, Sumapaz, Rionegro, and Guavio. Their mission is to prevent the encirclement of Bogota.

With bases close to the access roads leading to Bogota, the Brigade is forming what it has termed Control Rings which, in the event of a possible guerrilla occupation or action, would begin operating and block their passage to the capital.

What these members of the military discovered during the first two weeks did not surprise them. On the one hand, the guerrillas began to withdraw, cautiously. They did not leave, but the groups became fragmented.

On the other hand, the inhabitants showed their fear. They had no qualms about admitting that they had often failed to provide information because the Army would arrive and leave, and, when it was no longer present, the guerrillas would make them pay for their collaboration with the authorities.

That was what happened in La Virgen, a village of Quipile, where Task Force Vulture arrived.

There have been no police in that village for the past two years. One night, two agents were killed, and the post was eliminated based on orders from superiors. La Virgen was one of those "legendary" zones of the department.

Now, the 13th Brigade has promised the inhabitants to remain for a long time, and not to leave until the FARC are banished. However, its members realize that, for the present, they will not receive much information from the peasants.

During the first two weeks of the Task Force operations, the first noticeable change has appeared on the map locating the guerrilla fronts: something that the military call "the Enemy Combat Formation."

In all the zones, the guerrillas mobilized toward the department's boundaries. For example, the 22d and 42d fronts sought the Magdalena River; the 55th and 52d headed south; and the 53d and 54th sought the east, on the border with Meta.

Within a few days, they began returning, but in very small groups. They hiked through the districts again but, this time, obeying the order from the commanders to travel without arms and in groups of no more than three.

According to the Brigade commander, General Rafael Hernandez, this fragmentation has made their pursuit more difficult, "but not impossible."

Ecuador

Duran-Ballen: Conflict Restored Nation's Credibility

PA0903043295 Quito Voz de los Andes in Spanish 0300 GMT 9 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito—Ecuadoran President Sixto Duran-Ballen today said the military conflict with

Peru, in which a cease-fire currently prevails, helped recover Ecuadoran credibility, including the credibility of the government.

Because of the Ecuadoran Armed Forces' successful actions in the undeclared war, we have come to a point in which the country has recovered its credibility and the government's credibility, Duran-Ballen said when signing a contract with a company to drill for oil.

He added: The recovery of our domestic credibility is something that should prompt us to reflect, because military events such as this usually represent tremendous economic setbacks and confidence in the country is often lost.

He emphasized: Nevertheless, Ecuador is a country that continues to forge ahead, despite a slight setback in the country's economic and political reorganization because of these circumstances.

We continue to forge ahead precisely because of the righteousness of the actions carried out before the crisis, and this is what we continue to do, he stressed.

Referring to the contract to explore and exploit oil deposits, he said: Resources obtained from this will not benefit my government, only future ones, and, subsequently, they will benefit the nation's future. Our actions are mainly aimed at creating a better Ecuador—not a fictitious, fleeting Ecuador, but an Ecuador of the future. This has been the same guideline that motivated the Executive Branch and its Armed Forces to adopt the positions we have maintained in connection with the recent military conflict to protect the nation's sovereignty and integrity.

'Permanent' Observers Not To Arrive as Scheduled

PA0903015695 Madrid EFE in Spanish 0010 GMT 9 Mar 95

[FBIS Translated Text] Quito, 8 Mar (EFE)—Colonel Mario Baeeiso, military attache of the Brazilian Embassy in Quito, has reported that the "permanent" observers of the guarantor countries overseeing the cease-fire and a delimitation agreement between Ecuador and Peru will not arrive in Ecuador as scheduled.

From Patuca, 50 km north from the front, the officer told EFE by telephone that he did not know why "the schedule has been changed." "The observers will not arrive in Patuca or Cuenca tomorrow, because the schedule agreed upon a few hours ago in Brazil has been changed. I do not know the details, however," he said.

Col. Baeeiso, who is a member of the team of "temporary" observers, also said he does not know whether the 50 members of the "permanent" mission will stay in the Peruvian city of Piura, where they apparently will go tomorrow.

In Quito, EFE learned that the guarantor countries' ambassadors are at the residence of Omar Chifhi, head of the Brazilian diplomatic delegation, waiting to be informed from Brazil of the changes in the schedule.

According to the original schedule, the "permanent" observers were expected in Ecuador and Peru tomorrow to supervise compliance with the 17 February and 2 March cease-fire agreements, as well as the subsequent separation of forces and the demilitarization of the battlefront of the undeclared war that erupted on 26 January.

To Arrive 9 Mar

PA0803134995 Quito Voz de los Andes in Spanish 1200 GMT 8 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The group of military observers from the guarantor countries of the Rio de Janeiro Protocol will arrive in Ecuador tomorrow. The logistical team that will come from the United States will be comprised by 44 soldiers. They will bring transportation, communications, and security, as well as four Black Hawk helicopters. In addition, the military mission from Brazil, Chile, and Argentina will begin tomorrow the work of demilitarizing and preserving peace in the area.

Diplomatic representatives from the United States, Chile, Argentina, and Brazil have visited Patuca to finalize the visit of international observers. The arrival of observers begins the withdrawal of forces of both countries to the surveillance posts of Coangos and PV1 [Watch Post No. 1] in Peru.

The observers delegation will arrive tomorrow after the military attaches from the guarantor countries have verified the effective cease-fire for one week.

Peru Said To Begin Withdrawing Troops From Conflict Area

PA0803134895 Quito Voz de los Andes in Spanish 1200 GMT 8 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The National Security Council has evaluated developments of past days on the diplomatic and military fronts. National Security Council members believe the signing of the Montevideo agreement is an essential step to accelerate peace between the two nations.

The defense minister has assured Ecuador and Peru are respecting the cease-fire, adding there were no conflicts in the past days.

Meanwhile, Peru has started withdrawing its troops from the area involved in the conflict with Ecuador, and thus the process to normalize the situation in the disputed region is being consolidated.

The chief of the temporary mission of observers from the guarantor countries of the Rio Protocol has said Peruvian troops have started to withdraw. Prior to the withdrawal on board helicopters, about 150 men had already left, and 300 plus soldiers were scheduled to leave yesterday. Mission head Brazilian officer Edson Sa Rocha has said Peru has respected the cease-fire since he was installed at Watch Post No. 1, PV1, in the middle of the Amazonian jungle.

Minister Demands Refund of U.S. Tariffs Imposed on Roses

PA0803163795 Quito Voz de los Andes in Spanish 0300 GMT 8 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Industry Minister Jose Vicente Maldonado demanded on 7 March the refunding of tariffs the United States has imposed on Ecuadoran roses after it was confirmed Quito did not engage in unfair marketing practices.

The U.S. Government must return any deposit, money, bond, or any other security certificate it received as guarantee during the period flower exporting companies were investigated.

U.S. flower growers accused their Ecuadoran colleagues last year of pricing their product under production cost—that is, dumping—and a 49 percent tariff was imposed on flower imports from Ecuador and Colombia as a result. This tariff was decreased later to 6.3 percent, and the tariff on Ecuadoran rose imports was eliminated following a six-month investigation by the U.S. Department of Commerce.

Ecuadoran Ambassador to Washington Edgar Teran has said the International Trading Commission, the organization tasked with investigating the alleged unfair marketing of Ecuadoran roses, has decided to eliminate this tariff, because it has determined Ecuador's flower marketing practices do not affect the marketing of U.S. flowers.

Peru

Guarantor Countries' Envoys Discuss Arrival of Observers

PY0903034495 Madrid EFE in Spanish 2338 GMT 8 Mar 95

[FBIS Translated Text] Lima, 8 Mar (EFE)—The ambassadors in Peru of the Rio de Janeiro Protocol guarantor countries held a meeting at the Foreign Ministry building today to discuss the arrival tomorrow of a mission of observers in the Ecuadoran-Peruvian conflict zone.

According to a Foreign Ministry news bulletin, during the meeting ambassadors Arturo Ossorio, from Argentina; Luis Coutinho Peres, from Brazil; Carlos Martinez, from Chile; and Alvin Adams, from the United States, coordinated with Peruvian Deputy Foreign Minister Eduardo Ponce aspects pertaining to the requirements of the mission of observers.

The note added that at the end of the meeting, the four ambassadors expressed "their governments' recognition accorded the Peruvian Foreign Ministry and Armed Forces officials for the work they carried out and the ample facilities extended to the military attaches who are currently in Bagua and at PV1 [Watch Post 1]."

These military attaches acted as a "liaison" mission of guarantor countries in the conflict area after the presence of the advance delegation of observers headed by Brazilian General Ariel Pereira da Fonseca, and before the arrival of the definitive mission.

This liaison group comprises the military attaches in Peru of Argentina, Colonel Rodolfo Aguilar; Brazil, Colonel Edson Sa Rocha; and Chile, Colonel Patricio Willimas, and the U.S. Embassy political officer, Stephen McFarland.

It is believed that the observers of guarantor countries, who will verify the separation of belligerent forces in the area of conflict and propose the establishment of a demilitarized zone to Peru and Ecuador, will be arriving in Piura, Peru, tomorrow. Piura is a city located 1,000 km north of Lima.

The mission, comprising 50 diplomats and military officers, is headed by General Candido Vargas de Freire, the Brazilian Army Ministry general secretary.

Later the same day, 25 members of the delegation of observers are expected to depart for Ecuador to fulfill a similar mission to the one to be conducted by the 25 who remain on Peruvian soil.

The ambassadors in Peru of the guarantor countries of the Rio de Janeiro Protocol, which established the borders between Peru and Ecuador and mediated to seek a peaceful solution to the conflict, are scheduled to travel to Piura tomorrow to welcome the observers.

The mission of observers was established through the Itamaraty Peace Declaration signed by Peru and Ecuador and the guarantor countries on 17 February, a document that was ratified through the Montevideo Declaration of 28 February, and that resulted in the cessation of hostilities.

The task of the mission, with a minimum duration of 90 days, is to guarantee the cease-fire and the separation of belligerent forces and to propose a demilitarized zone to both countries with the objective of avoiding future clashes.

General Lopez of 5th Infantry Division To Be Investigated

PY0803151095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1841 GMT 6 Mar 95

[FBIS Translated Text] Lima, 6 Mar (AFP-NA)—Local Peruvian newspapers reported today that according to military sources, Peruvian Army [EP] General Vladimir Lopez Trigoso, the former chief of operations of the 5th Infantry Jungle Division, will be subjected to an investigation by military organizations "for not having detected and prevented the penetration of Ecuadoran troops into Peruvian territory."

Another officer who will be also subjected to an investigation is General Carlos Grigoleto Cortijo, who preceded Lopez Trigoso in the same post from 1992 to 1993. Gen. Lopez Trigoso has been recently transferred to an administrative post in the 6th Military Region under the command of Division General Luis Perez Documet.

Both military chiefs will have to appear before the Superior Officers Investigation Council (CIOS) and the Army Comptroller's Office, which will review the measures they adopted to stop "the penetration of military forces" from Ecuador "into the northern region of the country."

According to a report disclosed on 5 March in the Panorama television program that is carried by Lima Channel 5, Gen. Lopez Trigoso committed "serious mistakes" before and during the month of "undeclared war" with Ecuador. The report added that in view of this the high command had decided to transfer him to another post.

It seems that Lopez Trigoso's transfer "was ordered by President Alberto Fujimori," who visited the region on more than one occasion.

According to this report, Lopez Trigoso is charged not only with having allowed the "incursion" of Ecuadoran troops, but also of not having provided the troops under his command with proper logistics.

His soldiers "lacked food and were starving." They lacked "medical attention and medicine" precisely when the conflagration, which lasted 30 days, started.

The television program showed that the wounded were being treated in "precarious and unhealthy huts, where they were subjected to amputations and blood transfusions without the necessary aseptic conditions." Those who raised the charges wondered: "How many young lives would have been saved had the necessary precautions been adopted?"

According to recent military reports, the Ecuadoran troops had set up posts in the combat zone about four months ago—even though other official sources believe, without specifying dates, that they had been set much earlier—"and they must have carried out vast movements of helicopters, heavy machinery, and military personnel in order to build those bases."

According to press reports, Ecuadoran troops were spotted following the Gentlemen's Agreement signed by the two countries in 1991. At that time these troops were considered to have been "lost in the Peruvian jungle." The source said: "One of those patrols was in fact spotted in Peruvian territory in October 1994, but the incident was considered closed when it peacefully withdrew from our country."

Military sources have told the newspaper LA REPUBLICA that the investigations affecting the above generals "is an administrative process, and in no way entails a punitive action."

Jorge Lozada, a former senator and a candidate for the American Popular Revolutionary Alliance in the 9 April congressional elections, and other opposition candidates have requested that Defense Minister Victor Malca and General Nicolas Hermoza, chief of the Armed Forces Joint Command, brief Congress on these charges.

Fujimori Reasserts Support for Hermoza, Lopez Trigoso

PY0903001195 Lima Radio Programas del Peru Network in Spanish 2240 GMT 8 Mar 95

[Report by Carlos Alvarado Chavez from the Foreign Ministry building]

[FBIS Translated Text] President Alberto Fujimori has reasserted his support for General Nicolas de Bari Hermoza Rios, the chairman of the Armed Forces Joint Command, and explained that he will not be subjected to an investigation.

He added, however, that an assessment will be conducted on the military operations in the northern border. Moreover, the president also expressed his support for General Vladimiro Lopez Trigoso, and explained that he has not been removed from his post.

[Begin Fujimori recording] An assessment is made of all conflicts. Once this assessment is completed, it is established whether an investigation is necessary. We are aware of Gen. Hermoza Rios' inventiveness, experience, and leadership. In my capacity as president, I hereby grant him my personal support.

If any mistakes or faults have been committed or found, they will be assessed, but this does not mean that Gen. Hermoza Rios will be subjected to an investigation or, as some have speculated, that Gen. Lopez Trigoso will be removed from his post. No, not at all.

What we have done is to establish the so-called 6th Military Region. Before this, Bagua was the seat of the 5th Infantry Division. The 5th Infantry Division has been upgraded. It has now become the 6th Military Region, in view of the importance of the region and any eventual conflict that may take place in the area.

All military regions are commanded by division generals. In view of the fact that Gen. Lopez Trigoso has the rank of a brigadier general, he holds a second echelon post. This is normal.

Another advantage of having this 6th Military Region is that it allows us to have in the area other members of the Armed Forces branches, that is, the Air Force. This was not the case when only the 5th Jungle Infantry Division was seated in the region. These measures will allow us to undertake any action to help us safeguard our territory and prevent any eventual invasion, but we hope this does not happen. [end recording]

President Alberto Fujimori made this statement after a luncheon held in honor of notable Peruvian citizens who headed the various diplomatic missions that the government sent to 23 countries throughout the world to provide information about the incidents that occurred on the Peruvian-Ecuadoran border and the nature and characteristics of the Rio de Janeiro Protocol.

Perez, Opposition Reject Free Trade Zone Offer to Ecuador

PY0803134895 Madrid EFE in Spanish 2050 GMT 7 Mar 95

[FBIS Translated Excerpt] Lima, 7 Mar (EFE)—Javier Perez de Cuellar, former UN secretary general and candidate for the presidency of Peru, today rejected the Peruvian Government's proposal to grant Ecuador a free trade zone and free port in the Peruvian town of Iquitos, in the Amazon.

In statements to the Peruvian media, Perez de Cuellar said that "it is still too early" to make this offer, "especially taking into account Ecuador's current excessively aggressive attitude."

He added: "An offer of this nature could probably be made later on, during the upcoming negotiations process." [passage omitted]

Other opposition candidates also rejected President Alberto Fujimori's proposal.

Alejandro Toledo who, according to the polls, is the third most popular presidential candidate after Fujimori and Perez de Cuellar, asserted that granting Ecuador these benefits "could place national sovereignty and dignity at stake."

He added: "To grant our neighboring country these advantages would mean giving it more than is stipulated in the Rio de Janeiro Protocol."

Raul Diez Canseco, candidate for the former governing Popular Action Party, regarded the offer "unwise, taking into account that that country's pretensions of gaining sovereign access to the Amazon have become an obsession."

In Iquitos, the capital of Maynas Department, various representative social organizations have rejected Fujimori's proposal, and announced a rally to express their opposition. Some radical sectors of Iquitos even threatened to charge Fujimori with "betrayal of the fatherland" if his offer to Ecuador materializes.

Fujimori Interviewed on Border Conflict, Elections

PY0903010795 Montevideo EL OBSERVADOR ECONOMICO in Spanish 2 Mar 95 p 32

[Interview with President Alberto Fujimori by Martin Sarthou in the president's room on the 15th floor of the Victoria Plaza Hotel in Montevideo on 1 March]

[FBIS Translated Text] [Sarthou] Peru and Ecuador yesterday agreed to immediately declare a cease-fire after failure to comply with the Itamaraty agreement. Can we say there is a before Montevideo and an after Montevideo in the conflict?

[Fujimori] Yes, I believe there was a before, with the Itamaraty Declaration and with the declaration by the guarantors who promised to fulfill all the points of the declaration. Such a before was a document that was not implemented because there was no full cessation of hostilities. And there was an almost immediate after, which began last night with a cease-fire commitment and—I hope this will occur in a very few days—the separation of forces. Thereafter, there will be a process, which will be a bit longer, toward demilitarization, followed by fulfillment of the steps provided for by the Protocol of Rio de Janeiro, in which an effort will be made not to set a demarcation line but to place the border markers that are missing in the area of the conflict.

It should be noted that the Peruvian-Ecuadoran border is 1,700 km in length, and that the conflict area is a mountainous, jungle zone. The demarcation work has been concluded for the entire border, with well-established limits. Border markers are still to be placed only in the 78-km stretch that we are now defending.

[Sarthou] Why was the Itamaraty peace agreement, which was signed only a few weeks ago, with a cease-fire commitment by Peru and Ecuador, not respected?

[Fujimori] In a conflict of this nature, a machine gun burst is sufficient to begin escalation anew, and this time it reached the level of artillery fire, despite our desire to adopt a moderate, prudent attitude, trying to prevent spoiling the Itamaraty achievements. Peru was the party with the most interest in complying with the agreement, because 35 years after declaring it null and non-executable, Ecuador, through its president, Sixto Duran-Ballen, recognized the validity of the 1942 Rio de Janeiro Protocol by signing the Itamaraty agreement.

Guarantor countries are the endorsement. They remained outside the conflict for about 35 years. If they were not the guarantors of a valid treaty, today they would be the "accomplices" in an invalid juridical action.

[Sarthou] Peru, and you in particular, is approaching a new election. A border conflict stirs people's feelings of nationalism and defense of sovereignty, and might have economic consequences that can be negative for the people. Was there any electoral speculation, as reported in Peru?

[Fujimori] Not at all. In order to depict the Peruvian economic situation, I can tell you that for two consecutive years Peru had a very high GDP growth rate. In 1993, we registered a 7.6 percent growth rate, the highest in the continent, while in 1994 we registered 12.7 percent, the world's highest growth rate. The country with the highest growth rate is not Malaysia, the PRC, or Taiwan; it is Peru. Do you think I need to engage in something as deplorable as a war to obtain the people's support, at a time when polls show that preference for my closest contender is 25 percentage points behind?

Uruguay

President Sanguinetti Interviewed on Economic Goals

PY0803122095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Mar 95 Section 1 p 4

[Interview with President Julio Maria Sanguinetti by correspondent William Franca in Montevideo on 3 March]

[FBIS Translated Text] [Franca] What are the economic goals of your administration?

[Sanguinetti] We want to encourage exports, which have been stagnant for the past few years. We will have to adopt measures to promote exports.

[Franca] The reduction of export taxes was proposed in Brazil to encourage exports.

[Sanguinetti] In Uruguay we will have to reduce the social security contributions and refund the direct taxes, which interfere with production. Everything, however, must be done with a lot of prudence.

[Franca] Must a political reform be implemented urgently?

[Sanguinetti] We need reforms, and we want to implement them this year. The closer we come to the next elections (in 1999) the harder it will be to modify the political rules. The Executive Branch must be given more flexibility, Congress must be more active, the political parties need more internal discipline, and the electoral system needs more transparency and guarantees.

[Franca] How will the electoral process be made more transparent?

[Sanguinetti] We must establish a single candidacy system. We currently have several candidacies per party, and in the vote tally the votes for candidates are added to those of his faction, allowing partial accumulation of votes for senators and deputies.

[Franca] Have you any support for carrying out these reforms?

[Sanguinetti] No. This will be a result of talks and negotiations with all the political forces. I do not have enough strength to impose either this or that.

[Franca] You criticize neoliberal speech. What is wrong with it?

[Sanguinetti] The end of socialism came with the belief that Marxist ideology was enough to interpret the economic reality. Afterwards, with the neoliberal ideas disseminated by then British Prime Minister Margaret Thatcher (1979-89), there came the conviction that small government was enough to allow production. It was thought that a fiscal balance was enough to generate growth. Experience has taught us that none of those automatic solutions exist, and that the government cannot ignore its role of planning. The government must represent a guarantee of social equilibrium. It cannot ignore this commitment. Government presence is very strong in the best models of economic expansion of the past few years—Korea, Japan, Taiwan, Singapore—and was the case in Brazil during the sixties. Therefore, it is not true that economic spontaneity is the principal mechanism through which to attain economic growth and the equilibrium of society. This is why we reject the neoliberal label as a simple mechanism. We respect the idea of a market economy, of free competitiveness. However, we also believe in a government that plans and controls.

[Franca] Do you oppose breaking the monopoly of the oil and telecommunications services?

[Sanguinetti] The oil monopoly is not under debate here. The only thing I will discuss now is that of telecommunications, but excluding the basic telephone service. Cellular telephone service and the new communications means are under discussion. For us, basic telephone service is a matter of direct monopoly for either the Uruguayan Government or a foreign state.

[Franca] Do you rule out adopting solutions like the stabilization plans of Argentina or Brazil?

[Sanguinetti] I think that in Uruguay we are about to launch a plan of that kind, because the Mexican crisis affected the exchange system, which requires a change of the situation. First we must find what the new point of equilibrium is. We are very much influenced by the Argentine and Brazilian economies, and now by the entire world economy. Just look how the Mexican crisis caused an immediate reaction in the Buenos Aires stock exchange, and a nearly automatic reaction in the Latin American and U.S. stock exchanges.

[Franca] Has the Mexican crisis affected Uruguay?

[Sanguinetti] From the point of view of finances and the stock exchange, it has not been affected. From the point of view of the banks, it was a favorable repercussion because it increased our level of bank deposits. This demonstrates the solidness of our financial system. The level of deposits increased in the middle of a crisis. However, the economic repercussion is certainly negative. We will have a negative result in our sales to Argentina, for example.

[Franca] What are the great differences between Brazil and Uruguay at present?

[Sanguinetti] In economic terms, Brazil is an industrial power, while we are a medium-sized country. We have greater social homogeneity than Brazil, which has considerable regional differences.

[Franca] What is your evaluation of Mercosur [Common Market of the South]?

[Sanguinetti] Mercosur responds to the historical and economic needs of the times. In 1985, after the democratic opening, we began to build interrelations that ended in the treaty signed last year. There was a very high degree of optimism because it was thought that by 1995 we would have a total common market. I believe that goal was overestimated, as such a high level of interaction cannot be attained. But this does not mean that Mercosur has not made great progress. Just think of the trade exchange figures, of the creation of an external common channel, just think of the whole relationship that was created. Mercosur is currently an irreversible reality.

[Franca] Wasn't the reduction in tariffs too precipitous?

[Sanguinetti] It is senseless to discuss things of the past. We must now discuss the future. What is done is done. This is definite, and I do not think it is generating any extraordinary turbulence.

[Franca] What will now come with Mercosur?

[Sanguinetti] Now comes a stage in which the tariffs and a new customs system will come fully into effect, which is very important. Although they are delicate steps in the integration process, I am optimistic.

[Franca] Of the four countries that are members of Mercosur, Uruguay is the smallest.

[Sanguinetti] We do not have a size complex. Uruguay is territorially the smallest country, but if we look at the indicators for the quality of life in Latin America, we can see that we are ahead. With its economic modesty Uruguay has attained remarkable social levels in the region.

[Franca] Which Uruguayan economic sectors need incentives, without harming the economic opening?

[Sanguinetti] We are convinced that we can find specialized market niches in keeping with our economy. Uruguay can work with small and medium sized companies, which must be flexible and versatile. Beside this, our economy, despite its modest dimensions, has been open for more years than those of Argentina and Brazil.

[Franca] At the end of your inauguration speech you urged Peru and Ecuador to find a solution to their border conflict.

[Sanguinetti] I simply said that all the Latin American countries want the two countries to seek peace. They reiterated here in Montevideo the Itamaraty agreement to maintain a cease-fire. We trust that a definite solution will be found.

Venezuela

Colombian Rebels Linked To Border Attack on 7 Mar

PA0903040195 Caracas Venezolana de Television Network in Spanish 0200 GMT 8 Mar 95

[From "The News" newscast]

[FBIS Translated Text] Less than two weeks after the massacre at the river post of Cararabo, in the early hours of 7 March Colombian guerrillas allegedly carried a new attack along the Venezuelan border, claiming new casualties:

[Unidentified correspondent] The death of three Venezuelans at the hands of suspected Colombian guerrillas in Apure State has been confirmed. Pompeyo Marquez, state minister for border issues, made this announcement. He said the attack occurred in the early hours of 7 March in (Las Monas), near El Amparo, (Foraneo Urdaneta) Municipality, Apure State. The minister reported that the dead are Venezuelans executed by presumed Army of National Liberation [ELN] insurgents. Nevertheless, Pompeyo Marquez added that one cannot be certain in calling this a guerrilla attack, because he described as odd their modus operandi:

[Begin Marquez recording] There is something that caught my attention—namely, the apparent ELN presence. I find this to be suspicious, because, according to a description I received, the dead sported ribbons around their foreheads and were wearing bracelets. In other words, this was done in an effort to leave no doubt about ELN involvement. I find this to be suspicious, because it is not the ELN's normal modus operandi. [end recording]

[Correspondent] As for the alleged violation of the human rights of the presumed guerrillas arrested in Puerto Ayacucho, the prosecutor general announced the intervention of the Public Prosecutor's Office:

[Begin Prosecutor General Ivan Dario Badell recording] The local prosecutor in Puerto Ayacucho has already taken steps with regard to this matter, and Father Olaso, the human rights director of the Prosecutor General's Office, will travel to the area on 8 March to verify the facts you just mentioned. [end recording]

Ministers Rule Out Dialogue With Colombian Guerrillas

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[FBIS Translated Text] Minister of the Interior Ramon Escovar Salom and Minister of State Pompeyo Marquez have ruled out the possibility of establishing a dialogue between the Venezuelan state and the Colombian guerrillas.

"We have no reason to do this because it is not a Venezuelan problem. If they (the guerrillas) must talk, they must do so with the government of Colombia, not with that of Venezuela," the MRI [Ministry of Interior Relations] minister asserted.

Regarding the arguments presented by the rebels to support the idea of holding talks, Escovar Salom stated "there is no rebel-held territory involving Venezuela."

Pompeyo Marquez, minister and president of the National Border Council, made similar remarks to those made by Escovar Salom. Marquez explained that "there are no conditions" for a dialogue.

In spite of this, Marquez commented that "we care very much about peace in Colombia and the talks there appear very interesting."

As everyone knows, the government of President Ernesto Samper and the guerrilla leadership are currently holding talks in an effort to obtain a peace agreement.

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